

**Shreveport Regional Arts Council  
Shreveport, Louisiana**

**Financial Statements**

**As of and for the Years Ended June 30, 2022 and 2021**

Shreveport Regional Arts Council  
Shreveport, Louisiana

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## Independent Auditors' Report

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Shreveport Regional Arts Council, ( a nonprofit organization ), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shreveport Regional Arts Council, (a nonprofit organization) as of June 30, 2022 and 2021, 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.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Shreveport Regional Arts Council, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Shreveport Regional Arts Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Shreveport Regional Arts Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Shreveport Regional Arts Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***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 on page 21, 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the Shreveport Regional Arts Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Shreveport Regional Arts Council'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 Regional Arts Council's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
December 20, 2022

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statements of Financial Position  
June 30, 2022 and 2021

	2022	2021
<b>Current assets:</b>		
Cash and cash equivalents	\$ 530,847	\$ 766,717
Investments	666,417	853,613
Grants receivable	259,352	98,959
Other receivables	7,468	11,551
Prepaid expenses	88,649	4,264
Total current assets	1,552,733	1,735,104
<b>Noncurrent assets:</b>		
Cash - restricted	945,622	1,083,405
Promises to give - building renovations	75,000	100,000
Promises to give - bridge re-lighting project		297,263
Property and equipment, net	2,443,740	2,605,076
Construction in progress - common park/pavilion	214,378	112,000
Construction in progress - bridge re-lighting project		704,859
Land held for development	18,000	18,000
Total noncurrent assets	3,696,740	4,920,603
<b>Total Assets</b>	<b>\$ 5,249,473</b>	<b>\$ 6,655,707</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 81,597	\$ 21,812
Accrued expenses	91,934	97,703
Line of credit	120,842	195,842
Loan payable		101,220
Grants payable	217,998	28,837
Total current liabilities	512,371	445,414
<b>Due to beneficiary organization:</b>		
Common park/pavilion	1,160,000	1,160,000
Bridge re-lighting project		771,941
Total due to beneficiary organization	1,160,000	1,931,941
<b>Total Liabilities</b>	<b>1,672,371</b>	<b>2,377,355</b>
<b>Net assets</b>		
With donor restrictions	393,882	451,372
Without donor restrictions	3,183,220	3,826,980
Total net assets	3,577,102	4,278,352
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,249,473</b>	<b>\$ 6,655,707</b>

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

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, gains, support and reclassifications:			
Admissions sales and concessions	\$ 121,859	\$	\$ 121,859
Tuition and fees	38,789		38,789
Contributions of cash and other financial assets:			
Individual contributions	23,091		23,091
Business and industry contributions	100,327		100,327
Foundation grants	165,806	12,915	178,721
Government grants / contracts:			
City of Shreveport	584,516	14,224	598,740
Other governments	307,518	5,000	312,518
State of Louisiana	201,032		201,032
Fundraising	327,578		327,578
Rental Income	12,583		12,583
Miscellaneous income	3,096		3,096
Gain on forgiveness of loan	101,220		101,220
Net assets released from restrictions			
Satisfaction of program restrictions	89,629	(89,629)	
	<u>2,077,044</u>	<u>(57,490)</u>	<u>2,019,554</u>
Total revenues, gains, support and reclassifications			
	<u>2,077,044</u>	<u>(57,490)</u>	<u>2,019,554</u>
Expenses:			
Supporting services -			
General and administrative	494,313		494,313
Special events fund raising	314,399		314,399
	<u>808,712</u>		<u>808,712</u>
Total supporting services			
	<u>808,712</u>		<u>808,712</u>
Program services			
Arts in Education	409,516		409,516
Artspace	380,173		380,173
Arts Economic Development and Research	669,467		669,467
Public Programming	274,963		274,963
Capital/Special Projects	84,324		84,324
	<u>1,818,443</u>		<u>1,818,443</u>
Total programs services			
	<u>1,818,443</u>		<u>1,818,443</u>
Total expenses			
	<u>2,627,155</u>		<u>2,627,155</u>
Change in net assets from operations	(550,111)	(57,490)	(607,601)
Nonoperating activities			
Investments return, net	(93,649)		(93,649)
Change in net assets	(643,760)	(57,490)	(701,250)
Net assets, beginning of year	3,826,980	451,372	4,278,352
Net assets, end of year	<u>\$ 3,183,220</u>	<u>\$ 393,882</u>	<u>\$ 3,577,102</u>

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



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, gains, support and reclassifications:			
Admissions sales and concessions	\$ 49,471	\$	\$ 49,471
Tuition and fees	4,480		4,480
Contributions of cash and other financial assets:			
Individual contributions	63,271		63,271
Business and industry contributions	87,165		87,165
Foundation grants	115,327	21,500	136,827
Government grants / contracts:			
City of Shreveport	317,180		317,180
Other governments	77,041	329,872	406,913
State of Louisiana	182,352		182,352
Special events -			
Club 365	534,829		534,829
Rental Income	10,375		10,375
Interest and dividends	27,852		27,852
Miscellaneous income	7,842		7,842
Gain on forgiveness of loan	118,500		118,500
Net assets released from restrictions			
Satisfaction of program restrictions	111,734	(111,734)	
	1,707,419	239,638	1,947,057
Expenses:			
Supporting services -			
General and administrative	295,076		295,076
Fund Raising	198,237		198,237
	493,313		493,313
Program services			
Arts in Education	89,667		89,667
Artspace	362,458		362,458
Arts Economic Development and Research	280,139		280,139
Public Programming	201,465		201,465
Capital/Special Projects	5,186		5,186
	938,915		938,915
Total expenses	1,432,228		1,432,228
Change in net assets from operations	275,191	239,638	514,829
Nonoperating activities			
Investments return, net	152,281		152,281
Change in net assets	427,472	239,638	667,110
Net assets, beginning of year, restated	3,399,508	211,734	3,611,242
Net assets, end of year	\$ 3,826,980	\$ 451,372	\$ 4,278,352

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

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statement of Functional Expenses  
For the Year Ended June 30, 2022

	Support Services		Program Services					Totals	
	General and Administrative	Fund Raising	Arts in Education	Artspace	Arts Economic Development and Research	Public Programming	Capital/Special Projects		Total Program Services
Auction Expense	\$	\$ 66,378	\$	\$	\$	\$	\$	\$ 66,378	
Awards			17,531	4,000				21,531	
Bank charges	8,501	9,524	257	2,007	101	454		2,819	
Bad debt expense	52,329							52,329	
Cleaning				3,666				3,666	
Contract labor	16,770	5,510	501	27,252		305		28,058	
Depreciation expense	71,047			3,225	43,532	43,532		90,289	
Dues and subscriptions	2,252	2,075	12	1,180	15,685	72		16,949	
Development	1,897	4,855	1,796	356		5,452	86	7,690	
Employee benefits	11,413	6,966	6,105	9,877	3,560	4,335		23,877	
Equipment and facility rentals	10,230	17,916	2,431	1,630	210	10,588	355	15,214	
Event expenses		33,809	19,813	16,058	1,454	14,973	76	52,374	
Exhibition expense				33,960	70			34,030	
Grants to other agencies					507,431			507,431	
Insurance expense	32,796		4,035			10,040		14,075	
Interest				7,292				7,292	
Internet	4,847		218	945		40		1,203	
Marketing	940	11,695	2,379	11,836	312	9,703		24,230	
Meetings, travel, and entertainment	28,856	8,807	22,091	12,392	6,168	12,483	2,118	55,252	
Miscellaneous expense	975	604	1,704	38,720	2,450	1,607		44,481	
Payroll taxes	9,658	6,979	5,363	9,398	3,415	5,053		23,229	
Postage and freight	2,520	798	230	1,271	55	481		2,037	
Professional artist fees		22,650	188,395	37,202		57,483	74,610	357,690	
Professional services	39,690				27,813			27,813	
Promotion and printing	4,520	4,621	4,839	6,725	196	1,145	5,500	18,405	
Repair and maintenance	36,301			9,992				9,992	
Salaries	125,870	100,188	78,890	130,104	56,449	72,575		338,018	
Security	1,573	3,175		2,897		1,560		4,457	
Supplies and fees	26,036	7,849	52,926	7,482	566	23,082	1,579	85,635	
Telephone									
Program				202				202	
Staff and board	2,073							2,073	
Utilities	3,219			504				504	
	<u>\$ 494,313</u>	<u>\$ 314,399</u>	<u>\$ 409,516</u>	<u>\$ 380,173</u>	<u>\$ 669,467</u>	<u>\$ 274,963</u>	<u>\$ 84,324</u>	<u>\$ 1,818,443</u>	<u>\$ 2,627,155</u>

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



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statement of Functional Expenses  
For the Year Ended June 30, 2021

	Support Services		Program Services					Total Program Services	Totals
	General and Administrative	Fund Raising	Arts in Education	Artspace	Arts Economic Development and Research	Public Programming	Capital/ Special Projects		
Auction Expense	\$	\$ 1,111	\$	\$	\$	\$	\$	\$	\$ 1,111
Awards				7,500				7,500	7,500
Bad debt expense		31,600		13,650	2,526			16,176	47,776
Bank charges	7,548	5,835	140	1,074	39			1,253	14,636
Building rent	3,014	1,560	1,100					1,100	5,674
Cleaning				3,557				3,557	3,557
Contract labor	3,919	2,116	4,533	25,797	1,344	255		31,929	37,964
Depreciation expense	70,942			3,225	43,532	43,532		90,289	161,231
Dues and publications	7,164	199	216	646	2,319	205		3,386	10,749
Development	88	6,467	102	714	15	452	156	1,439	7,994
Employee benefits	10,062	4,276	3,829	9,495	2,616	3,085		19,025	33,363
Equipment and facility rentals	7,979			988				988	8,967
Event expenses	56			21,525				21,525	21,581
Event hospitality		551		6,454	1,680			8,134	8,685
Exhibition expense				11,776	177			11,953	11,953
Grants to other agencies					140,930			140,930	140,930
Insurance expense	16,819	2,591	2,591	1,943	1,233	2,591	2,500	10,858	30,268
Interest				8,034				8,034	8,034
Internet	5,381			967		81		1,048	6,429
Marketing	1,871	11,951	373	10,887	321	2,136		13,717	27,539
Meetings, travel, and entertainment	10,925	8,888	86	10,003	823	3,777	1,775	16,464	36,277
Miscellaneous expense	1,132	565		3		8,146		8,149	9,846
Payroll taxes	6,723	5,483	4,657	7,922	3,420	4,481		20,480	32,686
Parking	60			585				585	645
Postage and freight	2,825	2,066		1,345	33	308	105	1,791	6,682
Printing	866	4,566		2,338	56	1,564		3,958	9,390
Professional artist fees		200	5,190	70,852	6,525	22,690	650	105,907	106,107
Professional services	23,303	26,986	6,582	6,756	11,573	43,970		68,881	119,170
Repair and maintenance	3,911			8,838	348	146		9,332	13,243
Salaries	89,498	74,369	60,106	104,678	50,464	61,126		276,374	440,241
Security	1,287			989		1,060		2,049	3,336
Supplies and fees	11,946	6,584	162	19,917	10,165	1,860		32,104	50,634
T-shirts/souvenir		273							273
Telephone	5,583								5,583
Utilities	2,174								2,174
	<u>\$ 295,076</u>	<u>\$ 198,237</u>	<u>\$ 89,667</u>	<u>\$ 362,458</u>	<u>\$ 280,139</u>	<u>\$ 201,465</u>	<u>\$ 5,186</u>	<u>\$ 938,915</u>	<u>\$ 1,432,228</u>

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



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statements of Cash Flows  
For the Years Ended June 30, 2022 and 2021

Operating Activities	2022	2021
Changes in net assets	\$ (701,250)	\$ 667,110
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	161,336	161,231
Gain on forgiveness of loan	(101,220)	(118,500)
Realized and unrealized (gains) and losses on investments	93,649	(152,281)
(Increase) decrease in operating assets:		
Grants receivable	(160,393)	(47,976)
Other receivables	4,083	3,170
Promises to give	25,000	25,000
Prepaid expenses	(84,385)	(3,225)
Increase (decrease) in operating liabilities:		
Accounts payable	59,785	7,584
Grants payable	189,161	(51,244)
Accrued expenses	(5,769)	16,426
Net cash provided (used) by operating activities	(520,003)	507,295
<b>Investing Activities</b>		
Construction in progress - bridge lighting	(67,082)	(677,596)
Construction in progress - common park/pavilion	(102,378)	(112,000)
Promises to give- bridge lighting	297,263	
Payments for property and equipment		(18,432)
Proceeds from sales of investments	93,547	
Net cash provided (used) by investing activities	221,350	(808,028)
<b>Financing Activities</b>		
Funds held as agency transfer-bridge re-lighting project		274,678
Funds held as agency transfer - park/pavilion		160,000
Proceeds from notes payable		101,220
Payments on line of credit	(75,000)	(40,000)
Net cash provided (used) by financing activities	(75,000)	495,898
Net increase (decrease) in cash and cash equivalents	(373,653)	195,165
Cash and cash equivalents as of beginning of year	1,850,122	1,654,957
Cash and cash equivalents as of end of year	\$ 1,476,469	\$ 1,850,122
Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 530,847	\$ 766,717
Restricted cash	945,622	1,083,405
Cash, cash equivalents, and restricted cash, end of year	\$ 1,476,469	\$ 1,850,122
Non-cash investing and financing transaction:		
Due to beneficiary organization-bridge re-lighting project	\$ 771,941	\$ 771,941
Cash received in prior period for bridge re-lighting project	(771,941)	(200,000)
Promises to give for bridge re-lighting project		(297,263)
Cash received for bridge re-lighting project	\$	\$ 274,678
Due to beneficiary organization-common park/pavilion	1,160,000	1,160,000
Cash received in prior period for park/pavilion	(1,160,000)	(1,000,000)
Cash received for park/pavilion	\$	\$ 160,000
Supplemental disclosure:		
Interest paid during the year on line of credit	\$ 7,292	\$ 8,034

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

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2022 and 2021

(1) Summary of Significant Accounting Policies

A. Nature of Activities

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

The following significant program services are included in the accompanying financial statements: Artbreak, Artspace, Shreveport Common / Public Art, Arts Resource Center, Club 365 fundraising project.

B. Basis of Accounting

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

C. Use of Estimates

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

D. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards. Under those standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of SRAC's management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SRAC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities. SRAC has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

(Continued)



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2022 and 2021  
(Continued)

E. Cash and Cash Equivalents

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

F. Promises to Give

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

G. Investments

Investments are stated at fair market value, based on quoted market prices. Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with the investments, it is at least reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. Recent market conditions have resulted in an unusually high degree of volatility and increased the risks and may affect the short-term liquidity associated with certain investments held by the SRAC which could impact the value of investments after the date of these financial statements. Because the values of individual investments fluctuate with market conditions, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined.

H. Fair Value Measurements

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

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

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

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

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

I. Property and Equipment

It is the policy of SRAC to capitalize all fixed assets with a unit cost of \$2,500 or more. Property, equipment, and leasehold improvements are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line method over the

(Continued)



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2022 and 2021  
(Continued)

estimated useful lives of the assets. Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

J. Contributions

Contributions received are recorded as increase in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature or any donor restrictions. When restrictions expire (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 statement of activities as net assets released from restrictions. In the absence of donor restrictions to the contrary, restrictions on contributions of property or equipment or on assets restricted to acquiring property or equipment expire when the property or equipment is placed in service.

K. Advertising Costs

SRAC uses advertising to promote its services among the community it serves. The costs of advertising are expensed as incurred. For the years ended June 30, 2022 and 2021, advertising costs totaled \$24,230 and \$13,717, respectively, and are included in marketing on the Statements of Functional Expenses.

L. Employee Benefit Plans

SRAC established a Simple Retirement Account plan for its full and part-time employees. An employee is eligible to participate in any calendar year if the employee received at least \$5,000 of compensation during each of the two preceding year calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year. Participation is voluntary, and the employee may contribute up to \$7,000 per year. SRAC matches the employee's contribution up to 3% of the employee's annual compensation, or \$7,000, whichever is less. The contributions charged to expense for the years ended June 30, 2022 and 2021 were \$13,470 and \$11,179, respectively.

M. Income Tax Status

SRAC is a non-profit corporation and is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to SRAC's tax-exempt purpose is subject to taxation as unrelated business income. SRAC had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2019, 2020, 2021, and 2022 are subject to examination by the IRS, generally three years after they were filed.

N. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are directly charged to the functions they benefit. Facility related and supportive service expenses are allocated to each function based upon management's equitable determination.

(Continued)



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2022 and 2021  
(Continued)

O. Accrued Absences

SRAC's policy is to pay employees upon termination for vacation time accrued up to 160 hours maximum per employee with 0–5 years' experience; up to 192 hours for employees with 6–10 years' experience; up to 240 hours for employees with 11–15 years' experience; up to 288 hours for employees with 16–20 years' experience; up to 336 hours for employees with 21–24 years' experience; up to 400 hours for employees with 25–30 years' experience; and up to 480 hours for employees with over 31 years' experience. An accrued liability for vacation time of \$67,140 and \$65,971 is included in accrued expenses at June 30, 2022 and 2021, respectively.

P. Accounts Receivable

Accounts receivable consists of miscellaneous amounts due as of June 30, 2022 and 2021, but received after those dates. Accounts receivable are shown net of a reserve for uncollectible accounts of \$43,083 and \$45,250 as of June 30, 2022 and 2021, respectively.

(2) Agreement for Services

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

(3) Concentrations of Credit Risk

SRAC maintains cash balances at financial institutions and a money market account held by an investment broker. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at financial institutions. Securities Investor Protection Corporation (SIPC) insures funds on deposit with the investment broker up to \$500,000. SRAC had uninsured cash balances of \$906,479 and \$1,038,505 at June 30, 2022 and 2021, respectively.

Promises to give for bridge re-lighting project at June 30, 2021 were from one donor.

Promises to give for building renovations at June 30, 2022 and 2021 were from one donor.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2022 and 2021, SRAC had no significant concentrations of credit risk in relation to grant receivables.

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

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

The fair market value of the fund at June 30, 2022 and 2021 was \$291,731 and \$319,801 respectively.

(Continued)

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2022 and 2021  
(Continued)

(5) Restricted Assets

Assets restricted for development of park, artspace, and bridge re-lighting project at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Cash	\$ 945,622	\$ 1,083,405
Promises to give	75,000	397,263
	\$ 1,020,622	\$ 1,480,668

There are no discounts or allowances associated with promises to give at June 30, 2022 and 2021, respectively.

	2022	2021
Receivables in less than one year	\$ 25,000	\$ 322,263
Receivables in one to five years	50,000	75,000
Total promises to give	\$ 75,000	\$ 397,263

Promises to give are reflected in the accompanying Statements of Financial Position as follows:

	2022	2021
Promises to give – building renovations	\$ 75,000	\$ 100,000
Promises to give – bridge re-lighting project	—	297,263
Total promises to give	\$ 75,000	\$ 397,263

(6) Investments

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

Investments as of June 30, 2022, and 2021, consisted of the following:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Mutual funds	\$ 386,519	\$ 430,172	\$ 510,652	\$ 476,083
Other assets	13,771	17,875	—	—
Equity funds	266,127	256,505	342,961	250,311
	\$ 666,417	\$ 704,552	\$ 853,613	\$ 726,394

Investment income (loss) for the years ended June 30, 2022 and 2021 consisted of the following:

	2022	2021
Realized gain on sale on investments	\$ 71,651	\$ 15,854
Unrealized gains (losses) on investments	(165,300)	136,427
	\$( 93,649)	\$ 152,281

(Continued)



Shreveport Regional Arts Council  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2022 and 2021  
 (Continued)

(7) Development of Shreveport Common

Shreveport Common was a program administered by SRAC at the request of the City of Shreveport until such time as Shreveport Common, Inc. received its designation as a separate 501(c) 3 entity. Funds received by SRAC but not yet expended for the development of the Shreveport Common area are included in restricted cash and due to beneficiary organization as of June 30, 2022 and 2021, totaling \$945,622 and \$1,083,405, respectively.

Amounts reflected as Land Held for Development totaling \$18,000 at June 30, 2022 and 2021, represent payments made by SRAC to purchase portions of property for the Shreveport Common area. Those purchases were made using funds received by SRAC which were restricted for the development of the area. The land will be transferred to the separate Shreveport Common, Inc. entity in the future.

(8) Property and Equipment

Property and equipment at June 30, 2022, with estimated depreciable life, are summarized as follows:

Furniture, fixtures, equipment	7 – 20 years	\$ 530,917
Leasehold improvements – construction in process	None	191,250
Leasehold improvements	5 – 10 years	<u>3,257,096</u>
		3,979,263
Accumulated Depreciation		<u>( 1,535,523)</u>
		<u>\$ 2,443,740</u>

Depreciation expense for the year ended June 30, 2022 was \$161,336.

Property and equipment at June 30, 2021, with estimated depreciable life, are summarized as follows:

Furniture, fixtures, equipment	7 – 20 years	\$ 530,917
Leasehold improvements – construction in process	None	191,250
Leasehold improvements	5 – 10 years	<u>3,257,096</u>
		3,979,263
Accumulated Depreciation		<u>( 1,374,187)</u>
		<u>\$ 2,605,076</u>

Depreciation expense for the year ended June 30, 2021 was \$161,231.

(Continued)

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2022 and 2021  
(Continued)

(9) Net Assets

Net assets at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Net Assets Without Donor Restrictions:		
Undesignated net assets	\$ 2,260,500	\$ 2,852,321
Designated net assets		
Covid artists payments		
Grants to other organizations	237,500	100,000
Board designated reserves	<u>685,220</u>	<u>874,659</u>
Total designated for use for programs	<u>922,720</u>	<u>974,659</u>
Total net assets without donor restrictions	<u>3,183,220</u>	<u>3,826,980</u>
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose –		
Restricted for Artspace	75,000	100,000
Restricted for public art	27,139	
Restricted for regrants	5,000	
Restricted for bridge lighting programming		286,743
329,872		
Restricted for Artbreak		<u>21,500</u>
Total net assets with donor restrictions	<u>393,882</u>	<u>451,372</u>
Total Net Assets	<u>\$ 3,577,102</u>	<u>\$ 4,278,352</u>

(10) Operating Leases

SRAC leases certain storage space and equipment under operating leases. Rental costs for these leases for the years ended June 30, 2022 and 2021 were \$13,505 and \$13,630, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

<u>For the Year Ending June 30,</u>	
2023	\$ 7,956
2024	7,956
2025	<u>3,978</u>
Total minimum future rentals	<u>\$ 19,890</u>

(11) Accrued Expenses

Accrued expenses consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Accrued leave payable	\$ 67,140	\$ 65,971
Accrued payroll and related benefits	<u>24,794</u>	<u>31,732</u>
	<u>\$ 91,934</u>	<u>\$ 97,703</u>



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2022 and 2021  
(Continued)

(12) Line of Credit

SRAC has a revolving line of credit in the amount of \$500,000. The line of credit has a variable interest rate based upon the Wall Street Journal Prime Rate, which was 5.25% at June 30, 2022. The balance on the line of credit as of June 30, 2022 and 2021 was \$120,842 and \$195,842, respectively and has a maturity date of July 21, 2023. The line of credit is secured by an investment account held in SRAC's name.

Interest expense incurred on the line of credit for the years ended June 30, 2022 and 2021 was \$7,292 and \$8,034, respectively.

(13) Liquidity and Availability of Financial Assets

SRAC monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. SRAC has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

Financial assets at year-end:	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 530,847	\$ 766,717
Investments	666,417	853,613
Grant receivables	259,352	98,959
Other receivables	7,468	11,551
Cash restricted for projects	<u>945,622</u>	<u>1,083,405</u>
Total financial assets	2,409,706	2,814,245
Less amounts not available to be used within one year:		
Cash restricted for projects	( 945,622)	(1,083,405)
Net assets with donor restrictions	( 393,882)	(451,372)
Less designated assets which are designated for program use	<u>( 237,500)</u>	<u>( 100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 832,702</u>	<u>\$1,179,468</u>

As reflected above, certain designated assets are designated for program use. These assets limited to use, as reflected in Note 9, are not available for general expenditures within the next year and are, therefore, deducted from the amounts noted above. However, designated amounts could be made available, if necessary. SRAC also has a revolving line of credit in the amount of \$500,000 which could be drawn upon in the event of an unanticipated liquidity need.

In addition to financial assets available to meet general expenditures over the year, SRAC operates with a balanced budget and anticipates covering general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of the SRAC's cash and shows cash provided (used) by operations of \$(520,003) and \$507,295 for the years ended June 30, 2022 and 2021, respectively.

(14) Concentration of Revenue

During the years ended June 30, 2022 and 2021, SRAC received contractual revenue from federal, state, parish, and city grants in the amount of \$1,112,290 and \$906,445, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(Continued)



(Continued)  
Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2022 and 2021  
(Continued)

SRAC qualifies for the Employee Retention Credit (ERC) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended. SRAC has reported \$50,383 and \$46,541, for 2022 and 2021, respectively, and is included in the government grants-revenue, in the Statement of Activities for the year ended June 30, 2022 and 2021 for the ERC.

(15) Construction in Progress – Bridge Re-lighting Project

Construction in progress – bridge re-lighting project at June 30, 2021, consisted of funds paid pursuant to an ongoing project to re-light the Texas Street Bridge. The funding for the re-lighting project was set forth in a Memorandum of Understanding (MOU) between the City of Shreveport, a private donor, and SRAC. Per the terms of the MOU, SRAC will implement a re-lighting project utilizing the most current bridge lighting design and contract. SRAC will receive donations for the project and will administer the contract with the lighting manufacturer. At the completion of the project, the improvements will be donated to the City and will be owned by the City of Shreveport. Total cost of design and lighting purchase was approximately \$771,941. The remaining funds received for the bridge re-lighting project will be used for maintenance and programming subsequent to June 30, 2022. The bridge re-lighting project was completed and donated to the City of Shreveport in February 2022.

(16) Construction in Progress – Common Park/Pavilion

Construction in progress – common park/pavilion project at June 30, 2022 and 2021 consists of funds paid to construct a park and pavilion. The funding for the park and pavilion project is from a contribution from Caddo Parish in the amount of \$1,000,000 and Caddo Common for \$160,000. At the completion of the project, the park and pavilion will be donated to Caddo Common and will be owned by Caddo Common. Total cost as of June 30, 2022 and 2021 was approximately \$214,378 and \$112,000, respectively. The park and pavilion project is expected to be completed and donated to Caddo Common during the year ended June 30, 2023.

(17) Promises to Give – Bridge Re-lighting Project

During the year ended June 30, 2020, SRAC received a promise to give from a private donor in the amount of \$1,000,000, in conjunction with the Texas Street Bridge re-lighting project. Payments received on the promise to give for the years ended June 30, 2022 and 2021, were \$297,263 and \$502,737, respectively. Terms of the promise to give are set forth in a Memorandum of Understanding (MOU) between the City of Shreveport, a private donor, and SRAC. The pledge was paid in full during the year ended June 30, 2022.

(18) Due to Beneficiary Organization – Bridge Re-lighting Project

Funds held as due to beneficiary organization - bridge re-lighting project represent the value of the project that will be donated to the City of Shreveport. The amounts paid for the years ended June 30, 2022 and 2021, were \$67,082 and \$704,859, respectively, for the Texas Street Bridge re-lighting project. Funding for the re-lighting project is set forth in a Memorandum of Understanding (MOU) between the City of Shreveport, a private donor, and SRAC. Pursuant to the terms of the MOU, SRAC will receive donations for the project and will administer the contract with the lighting manufacturer. The project was completed in February 2022 and donated to the City and will be owned by the City of Shreveport.

(Continued)



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2022 and 2021  
(Continued)

(19) Due to Beneficiary Organization – Common Park/Pavilion

Funds held as due to beneficiary organization - common park/pavilion project represent the value of donations received during the years ended June 30, 2021 and 2020, in the amounts of \$160,000 and \$1,000,000, respectively. The funding for the park and pavilion project is from a contribution from Caddo Parish, in the amount of \$1,000,000 and Caddo Common for \$160,000. At the completion of the project, the park and pavilion will be donated to Caddo Common and will be owned by Caddo Common. The park and pavilion project is expected to be completed and donated to Caddo Common during the year ended June 30, 2023.

(20) Grants Payable

Grants payable at June 30, 2022 and 2021 represent amounts owed to recipients of arts grants awarded by SRAC but not yet paid. Final payments are made upon receipt of final reports from the recipients.

(21) Loan Payable

In April 2020 and February 2021, SRAC received loan proceeds in the amount of approximately \$118,500 and \$101,220, respectively, under the Paycheck Protection Program ("PPP"). 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. SRAC intends to use the proceeds for purposes consistent with the PPP.

In July 2021, SRAC received loan forgiveness in the amount of \$118,500, for the April 2020 "PPP" loan. In February 2022, SRAC received loan forgiveness in the amount of \$101,220, for the February 2021 "PPP" loan. These amounts are reported in the revenues, gains and other support section on the statement of activities for the years ended June 30, 2022 and 2021.

(22) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2022 and 2021, but received after those dates. Grants receivable are shown net of a reserve for uncollectible accounts of \$57,021 and \$42,250 as of June 30, 2022 and 2021, respectively.

(Continued)



Shreveport Regional Arts Council  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2022 and 2021  
 (Continued)

(23) Related Party Transactions

A member of the Board of Directors was hired by SRAC to construct "Art Trees" for the Caddo Common Park. During the years ended June 30, 2022 and 2021, \$49,000 and \$112,000, respectively, was paid to this individual for services rendered.

(24) Subsequent Events

In September 2022, SRAC signed a contract for professional services for programming lights on the Bakowski Bridge of Lights. Payments under the contract will total \$84,000 and will run for a 12 month period.

Subsequent events have been evaluated through December 20, 2022, the date the financial statements were available to be issued.

(25) Restatement of Net Assets

Net assets at June 30, 2020, was restated to correct the revenue recognition of certain previously reported restricted revenue as due to beneficiary organization for the Common Park/Pavilion project.

	Net Assets
Balance, June 30, 2020, as previously reported	\$ 4,611,242
Correction previously reported restricted revenue	(1,000,000)
Balance, June 30, 2020, restated	\$ 3,611,242

Revenues for 6/30/21 were restated to reflect actual activity of the Bridge Relighting Project and the Caddo Park/Pavilion Project. This resulted in a net restatement in revenue and net assets of \$169,872.

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2022

Agency Head: Pam Atchison, Executive Director

The following payments were made from public funds:

<u>Purpose</u>	<u>Amount Paid with Public Funds</u>
Salary	\$ 32,892



# COOK & MOREHART

*Certified Public Accountants*

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

## Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shreveport Regional Arts Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2022.

### Report on Internal Control Over Financial Reporting

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

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

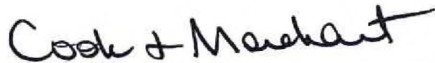
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Shreveport Regional Arts Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
December 20, 2022



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Summary Schedule of Audit Findings  
June 30, 2022

**Summary Schedule of Prior Audit Findings**

There were no findings for the prior year audit for the year ended June 30, 2021.

**Summary Schedule of Current Year Audit Findings**

There are no findings for the current year audit for the year ended June 30, 2022.

# COOK & MOREHART

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS  
Independent Accountants' Report on  
Applying Agreed-Upon Procedures

To the Board of Directors  
Shreveport Regional Arts Council  
Shreveport, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Shreveport Regional Arts Council (SRAC) management is responsible for those C/C areas identified in the SAUPs.

Shreveport Regional Arts Council has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collection for each type of revenue or agency fund additions.
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.



- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes (R.S.)42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosures/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Management provided written policies and procedures addressing all of the above, as applicable.

#### **Board or Finance Committee**

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Procedures performed. No exceptions noted.



### **Bank Reconciliations**

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

Management provided the requested information, along with management's representation that the listing is complete.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures performed. No exceptions noted.

### **Collections (excluding electronic funds transfers)**

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Procedures performed. Noted the following exception:

*Exception:* For one location selected for testing, employees share a cash drawer.



6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Procedures performed. No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe drawer).
- e) Trace the actual deposit per the bank statement to the general ledger.

Procedures performed. No exceptions noted.

***Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)***

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Management provided the requested information, along with management's representation that the listing is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Procedures performed. No exceptions noted.



10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Procedures performed. Noted the following exception:

*Exception:* The employee responsible for processing payments is also responsible for mailing payments after payments are signed.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Management provided the requested information, along with management's representation that the listing is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.].
  - Observe that finance charges and late fees were not assessed on the selected statements.

Procedures performed. Noted the following exception:

*Exception:* Four of the five statements selected for testing were not approved by someone other than the authorized card holder.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing)14. For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny. For each transaction, report whether the transaction is supported by:



- 1) An original itemized receipt (i.e., identifies precisely what was purchased)
- 2) Written documentation of the business/public purpose.
- 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

Procedures performed. Noted the following exceptions:

*Exception:* One (1) receipts totaling \$48.34, did not contain written documentation of the business purpose.

*Exception:* Eight (8) transactions, totaling \$366.31, did not have receipts.

#### ***Travel and Travel - Related Expense Reimbursement (excluding card transactions)***

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
  - a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. No exceptions noted.

#### ***Contracts***

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
  - a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Procedures performed. No exceptions noted.

### ***Payroll and Personnel***

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Management provided the requested information, along with management's representation that the listing is complete.

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Procedures performed. No exceptions noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Management provided the requested information, along with management's representation that the listing is complete.

Procedures performed. No exceptions noted.

19. Obtain management's representation that employer and employee portions of third party payroll-related amounts (payroll taxes, retirement contributions, health insurance premiums, garnishments, and workers' compensation premiums, etc.) have been paid, and associated forms have been filed by required deadlines.

Procedures performed. No exceptions noted.



### ***Ethics***

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- Not applicable.

### ***Debt Service***

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
- Not applicable to nonprofit organizations.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).
- Not applicable to nonprofit organizations.

### ***Fraud Notice***

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
- Management provided representation that there were not any misappropriations of public funds and assets during the fiscal period.
24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds
- We observed that SRAC has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud waste, or abuse of public funds.

### ***Information Technology Disaster Recovery/Business Continuity***

25. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.



b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

### ***Sexual Harassment***

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Not applicable.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Not applicable.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

a) Number and percentage of public servants in the agency who have completed the training requirements;

b) Number of sexual harassment complaints received by the agency;

c) Number of complaints which resulted in a finding that sexual harassment occurred;

d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

e) Amount of time it took to resolve each complaint.

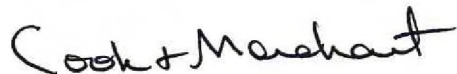
Not applicable.

We were engaged by the Shreveport Regional Arts Council to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Shreveport Regional Arts Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.



This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

A handwritten signature in black ink that reads "Cook & Morehart". The signature is written in a cursive, flowing style.

Cook & Morehart  
Certified Public Accountants  
December 20, 2022



Inspiring the hearts and imaginations of people in Northwest Louisiana for over **40** years.

Sandi Kallenberg  
**CHAIRMAN**

December 20, 2022

Henry Price  
**PRESIDENT**

John Albritton  
**VICE PRESIDENT**

Cook & Morehart, CPAs  
1215 Hawn Ave  
Shreveport, LA 71107

Susan B. Muse  
**TREASURER**

Linda B. Goldsberry  
**artspace CHAIRMAN**

Shreveport Regional Arts Council (SRAC) submits the following response to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended June 30, 2022:

Joe Kane

**artspace PRESIDENT**

Jodie Glorioso  
**PUBLIC ART**

*Exception:* For one location selected for testing, employees share a cash drawer.

L. Havard Scott, III  
**LEGAL COUNSEL**

*Response:* Management will consider compensating controls over the shared use of cash drawers. .

Pam Atchison  
**EXECUTIVE DIRECTOR**

*Exception:* Four of the five statements selected for testing were not physically approved by someone other than the authorized card holder.

*Response:* Every invoice is approved by an employee outside of the accounting department.

Michael Acurio  
Anneka S. Alexander

*Exception:* One (1) receipt totaling \$48.34, did not contain written documentation of the business purpose.

Cindy Aubrey  
Waynette Ballengee

*Response:* Management will put procedures in place to ensure all receipts contain written documentation of the business purpose.

Jay Covington  
Shanerika Flemings

*Exception:* Eight (8) transactions, totaling \$366.31, did not have receipts attached to the credit card statement.

Michael Graham  
Margaret Furrh Green

*Response:* Management will put procedures in place to ensure all receipts for purchases are obtained and attached to credit card statements monthly.

Roy and Nelva Griggs  
China Griggs Holmes

Sincerely,

Heidi Kallenberg  
Reid Martin

Pam Atchison  
Executive Director

Mark McKay  
Daryl Mitchell

Peter Moncrief  
William M. Sale, IV

Andy Shehee  
R. Lewis Smith, Jr.

Drew Tessier

**EX-OFFICIO MEMBERS**

Michael Futreal  
Shelly Ragle  
Larry Taz Sanchez

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