



arts council  
GREATER BATON ROUGE

Baton Rouge, Louisiana

**FINANCIAL REPORT**

June 30, 2023

**ARTS COUNCIL OF GREATER BATON ROUGE, INC.**  
Baton Rouge, Louisiana

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**Daigrepoint & Brian**  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Arts Council of Greater Baton Rouge, Inc.  
Baton Rouge, LA

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Arts Council of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Arts Council of Greater Baton Rouge, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Arts Council of Greater Baton Rouge, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *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 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 Arts Council of Greater Baton Rouge, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### ***Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 on the effectiveness of Arts Council of Greater Baton Rouge, Inc.'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 Arts Council of Greater Baton Rouge, Inc.'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.

### ***Report on Summarized Comparative Information***

We have previously audited Arts Council of Greater Baton Rouge, Inc.'s June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, on our consideration of Arts Council of Greater Baton Rouge, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Arts Council of Greater Baton Rouge, Inc.'s internal control

over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Arts Council of Greater Baton Rouge, Inc.'s internal control over financial reporting and compliance.

*Daigrepoint & Brian APAC*

Daigrepoint & Brian, APAC  
Baton Rouge, LA

November 20, 2023

**ARTS COUNCIL OF GREATER BATON ROUGE, INC.**

Baton Rouge, Louisiana

**STATEMENT OF FINANCIAL POSITION**

June 30, 2023

(with comparative amounts for 2022)

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 357,750	\$ 727,672
Receivables:		
Grants and other, net	247,053	173,282
Pledges	198,123	582,910
Building lease receivable, current portion, net of discount	37,232	37,232
Prepaid expenses	<u>64,825</u>	<u>17,846</u>
Total current assets	904,983	1,538,942
<b>BUILDING LEASE RECEIVABLE, LONG-TERM</b>	3,443,913	3,481,145
<b>FIXED ASSETS, net</b>	2,777,937	2,935,768
<b>RIGHT-OF-USE - FINANCING LEASE</b>	14,603	-
<b>RESTRICTED ASSETS</b>		
Investments	508,319	-
Cash	<u>412,103</u>	<u>272,726</u>
Total restricted assets	920,422	272,726
Total assets	<u>\$ 8,061,858</u>	<u>\$ 8,228,581</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 65,399	\$ 30,333
Accrued expenses	44,596	31,721
Current portion of financing lease liability, net of present value discount	4,720	-
Deferred revenues	<u>419,126</u>	<u>192,800</u>
Total current liabilities	533,841	254,854
<b>LONG-TERM LIABILITIES</b>		
Note payable	1,072,423	1,334,838
Financing lease liability, net of current portion and present value discount	<u>10,038</u>	<u>-</u>
Total long-term liabilities	1,082,461	1,334,838
Total liabilities	<u>1,616,302</u>	<u>1,589,692</u>
<b>NET ASSETS</b>		
Without donor restrictions	2,153,831	2,636,067
With donor restrictions	<u>4,291,725</u>	<u>4,002,822</u>
Total net assets	6,445,556	6,638,889
Total liabilities and net assets	<u>\$ 8,061,858</u>	<u>\$ 8,228,581</u>

The accompanying notes to financial statements are an integral part of this statement.

## ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

## STATEMENT OF ACTIVITIES

For the year ended June 30, 2023  
(with summarized comparative amounts for 2022)

	Without donor restrictions	With donor restrictions	Total	
			2023	2022
<b>SUPPORT AND REVENUES</b>				
<b>Contributions</b>				
Fundraisers and gifts	\$ 168,405	\$ 142,200	\$ 310,605	\$ 309,656
In-kind	368,092	-	368,092	102,693
	<u>536,497</u>	<u>142,200</u>	<u>678,697</u>	<u>412,349</u>
<b>Grants and Contractual Services</b>				
State of Louisiana	154,217	-	154,217	181,769
School System and Library	181,484	-	181,484	162,152
Other	662,941	14,631	677,572	737,930
	<u>998,642</u>	<u>14,631</u>	<u>1,013,273</u>	<u>1,081,851</u>
<b>Other</b>				
Programs	422,367	11,325	433,692	575,227
Special events	255,331	10,180	265,511	236,504
Membership	20,183	-	20,183	86,613
Investment earnings, net	10,544	-	10,544	2,397
Rents, sale of artwork, and other income	102,249	303,260	405,509	87,588
	<u>810,674</u>	<u>324,765</u>	<u>1,135,439</u>	<u>988,329</u>
Total support and revenues	<u>2,345,813</u>	<u>481,596</u>	<u>2,827,409</u>	<u>2,482,529</u>
Change in net assets restrictions:				
Released from restrictions	192,693	(192,693)	-	-
Total support, revenues and net assets released from restriction	<u>2,538,506</u>	<u>288,903</u>	<u>2,827,409</u>	<u>2,482,529</u>
<b>EXPENSES</b>				
Programs:				
Educational	416,545	-	416,545	304,208
Community outreach	671,528	-	671,528	532,419
Fundraising	12,773	-	12,773	10,200
General and administrative	1,919,896	-	1,919,896	1,333,141
Total expenses	<u>3,020,742</u>	<u>-</u>	<u>3,020,742</u>	<u>2,179,968</u>
Change in net assets from operations	(482,236)	288,903	(193,333)	302,561
<b>NON-OPERATING</b>				
Employee retention tax credit	-	-	-	63,037
Change in net assets	(482,236)	288,903	(193,333)	365,598
<b>NET ASSETS</b>				
Beginning of period, restated	<u>2,636,067</u>	<u>4,002,822</u>	<u>6,638,889</u>	<u>6,273,291</u>
End of period	<u>\$ 2,153,831</u>	<u>\$ 4,291,725</u>	<u>\$ 6,445,556</u>	<u>\$ 6,638,889</u>

The accompanying notes to financial  
statements are an integral part of this statement.

## ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2023  
(with summarized comparative amounts for 2022)

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (193,333)	\$ 365,598
Adjustments for non-cash items:		
Depreciation and amortization	257,728	204,787
Unrealized gain on investments	(2,223)	-
Realized gain on investments	(5,809)	-
Change in allowance for doubtful accounts	(38,610)	-
Changes in operating assets and liabilities:		
Decrease in accounts, pledges and contributed rent receivable	386,858	287,209
(Increase) decrease in prepaid expenses	(46,979)	49,541
Increase (decrease) in accounts payable and accrued expenses	47,941	(77,532)
Increase (decrease) in deferred revenues	226,326	(121,248)
Net cash provided by operating activities	<u>631,899</u>	<u>708,355</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	375,000	-
Purchase of investments	(875,287)	-
Purchase of fixed assets	<u>(95,161)</u>	<u>(803,073)</u>
Net cash used by investing activities	<u>(595,448)</u>	<u>(803,073)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	-	654,355
Principal payments on finance lease assets	(4,581)	-
Payments on note payable	<u>(262,415)</u>	<u>(352,542)</u>
Net cash (used) provided by financing activities	<u>(266,996)</u>	<u>301,813</u>
Net (decrease) increase in cash	(230,545)	207,095
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>1,000,398</u>	<u>793,303</u>
End of year	<u>\$ 769,853</u>	<u>\$ 1,000,398</u>
<b>RECONCILIATION OF CASH AND RESTRICTED CASH</b>		
Cash	\$ 357,750	\$ 727,672
Restricted cash	<u>412,103</u>	<u>272,726</u>
Total cash	<u>\$ 769,853</u>	<u>\$ 1,000,398</u>
<b>Supplemental disclosure of noncash investing activities:</b>		
Right-of-use assets obtained through leases	<u>\$ 19,339</u>	<u>\$ -</u>
<b>Supplemental disclosure of cash flow information:</b>		
Non-cash rent expense incurred	<u>\$ 39,000</u>	<u>\$ 39,000</u>

The accompanying notes to financial statements are an integral part of this statement.



**ARTS COUNCIL OF GREATER BATON ROUGE, INC.**

Baton Rouge, Louisiana

**STATEMENT OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2023  
(with summarized comparative amounts for 2022)

EXPENSES	Program				Fundraising	General and Administrative	Totals	
	Community		Total Program	2023			2022	
	Educational	Outreach						
Personnel costs	\$ 64,780	\$ 225,564	\$ 290,344	\$ -	\$ 649,790	\$ 940,134	\$ 684,866	
Artists	223,246	128,101	351,347	-	22,900	374,247	347,136	
Professional services	19,890	7,000	26,890	-	151,237	178,127	221,262	
Depreciation and amortization	-	-	-	-	257,728	257,728	204,787	
Regranting	-	91,499	91,499	-	171,442	262,941	199,183	
Small tools and equipment	34,254	51,152	85,406	-	25,920	111,326	103,721	
Contract labor	360	52,540	52,900	12,773	20,470	86,143	76,742	
Marketing	44,809	25,289	70,098	-	370,238	440,336	55,177	
Materials and supplies	11,026	6,255	17,281	-	26,237	43,518	36,661	
Dues and subscriptions	2,199	3,234	5,433	-	39,413	44,846	31,443	
Travel and meals	9,460	37,886	47,346	-	13,369	60,715	30,862	
Repairs and maintenance	-	67	67	-	36,114	36,181	27,216	
Honorariums	1,000	10,903	11,903	-	600	12,503	20,700	
Printing	4,675	10,443	15,118	-	15,840	30,958	15,752	
Insurance	-	-	-	-	16,144	16,144	13,990	
Telephone	-	-	-	-	7,413	7,413	11,499	
Other programmatic	-	7,430	7,430	-	-	7,430	11,111	
Hospitality	-	2,184	2,184	-	2,970	5,154	10,264	
Bank charges	-	57	57	-	5,049	5,106	7,619	
Rent expense	610	4,983	5,593	-	33,907	39,500	46,126	
Computer services and subscriptions	-	-	-	-	3,325	3,325	4,242	
Commissions - sale of art	-	554	554	-	-	554	3,768	
Awards	142	5,235	5,377	-	-	5,377	3,735	
Administrative expense	54	666	720	-	12,716	13,436	3,508	
Conferences and training	-	-	-	-	1,231	1,231	2,792	
Charitable contributions	-	-	-	-	150	150	2,000	
Postage	-	178	178	-	1,155	1,333	1,967	
Meetings	40	-	40	-	2,434	2,474	931	
Beverage costs	-	308	308	-	18	326	577	
In-kind	-	-	-	-	-	-	100	
Web design	-	-	-	-	26,188	26,188	216	
Licensing fees	-	-	-	-	-	-	15	
Interest	-	-	-	-	5,898	5,898	-	
Total expenses	\$ 416,545	\$ 671,528	\$ 1,088,073	\$ 12,773	\$ 1,919,896	\$ 3,020,742	\$ 2,179,968	

The accompanying notes to financial statements are an integral part of this statement.

**ARTS COUNCIL OF GREATER BATON ROUGE, INC.**  
Baton Rouge, Louisiana

**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of activities**

The Arts Council of Greater Baton Rouge, Inc. (the Council) was founded in 1973 to serve the City of Baton Rouge, East Baton Rouge Parish, and surrounding parishes. The mission of the Council is to foster the creative capacity and vibrancy of the capital region through advocacy, resources, and education through promoting cultural diversity and encouraging individual and community involvement in the arts.

**Basis of presentation**

The financial statements of the Council have been prepared on the accrual basis in accordance with United States of America generally accepted accounting principles (U.S. GAAP). The significant accounting policies are described below to enhance the usefulness of the financial statements.

The Council reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without restrictions.

- *Net Assets Without Donor Restrictions* – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
- *Net Assets With Donor Restrictions* – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

The financial statements include certain summarized comparative information in total, but not by net asset class, for the year ended June 30, 2023. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

The statement of activities presents expenses of the Council's operations functionally by programs, special events, and general and administrative.

**Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used primarily when accounting for valuation of investments, receivables, prepaid assets, depreciation, right-of-use assets, right-of-use liabilities, deferred revenues and in-kind revenues and expenses. Actual results could differ from those estimates.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Cash and cash equivalents**

The Council considers all highly liquid investments and money market funds to be cash equivalents.

### **Investment valuation**

Financial Accounting Standards Board (FASB) Accounting Standards Codification, (ASC 820), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs (sources of pricing information) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs including:

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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

### **Fair value of financial instruments**

The carrying value of investments, receivables, accounts payable, accrued expenses, and deferred revenue approximates fair value due to the short-term maturity of these instruments. None of the financial instruments are held for trading purposes.

### **Promises to give and revenue recognition**

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional or when cash is received. Unconditional contributions with donor restrictions are reported as increases in net assets with donor restrictions and are internally tracked as purpose restricted or time restricted, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions.

Unconditional pledges receivable are recognized as revenue in the period received. Pledges receivable are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Allowance for uncollectible pledges and receivables**

An allowance for uncollectible pledges is recorded based on prior years' experience and management's analysis of specific pledges. At June 30, 2023, there was an outstanding balance of \$2,100 over 90 days. To the extent that amounts reserved are collected, the subsequent year's commitment to participating arts organizations is increased.

The Council does not require collateral on its receivables. At June 30, 2023, there was no allowance for uncollectible receivables, since the only receivables outstanding have been collected in the first two months of the fiscal year ended June 30, 2023. These receivables relate primarily to art education contracts and appropriations from governmental entities.

### **Grant recognition**

Grants that represent exchange transactions are recorded as a receivable when the grant is formally committed. Grants committed at year end which are applicable to the subsequent fiscal period are included in grants receivable and deferred income. Furthermore, the Council is advanced funds from governmental agencies; such advances are recorded as deferred income until earned.

The Council receives grants which apply to programs whose duration extends into the subsequent year. Revenue is recognized on these grants each fiscal year based on a ratio of expenses incurred during the year to the total projected expenses of the program. At year-end, the unexpended portion of the grant is deferred. In the case of grants received for general operations that apply to a designated time period, income is recognized on a pro-rata basis. Grants that represent contributed support are recognized in the same manner as promises to give.

### **Contractual services**

The Council contracts with local municipalities and school systems to provide educational services and cultural development to residents and school children, organizations, and the community. The Council records contractual services as receivables at the time the services are provided to the recipients.

### **Equipment**

Equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

### **Vacation leave**

Vacation leave is earned at varying rates of two to three weeks per year depending on length of service. A maximum of ten days of unused vacation leave can be carried over at December 31st. Accordingly, vacation leave of \$7,885 has been accrued as of June 30, 2023.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Functional expenses**

The financial statements report certain expense categories that are attributable to more than one service or support function. Program service expenses, fundraising, and management and general expenses are based on specific identification of the direct costs. Costs not directly attributable to a function, including depreciation, amortization, interest, and other occupancy costs, are allocated to general and administrative expenses. Salaries are allocated based on estimated time spent for each function.

**Net assets with donor restrictions**

During 2023, changes in net assets with donor purpose restrictions were as follows:

	(Restated) Beginning of			
	Year	Increases	Decreases	End of Year
Contributed building	\$3,518,377	\$ -	\$ (37,232)	\$3,481,145
Contributed support grants:				
Building Stabilization Fund	198,704	55,330	-	254,034
Shell Grant	-	250,000	-	250,000
Taking Shape Capital Campaign	142,424	89,501	(103,903)	128,022
CERF+ Grant	86,585	-	-	86,585
Heart Trail	26,582	-	-	26,582
Bus Boycott	-	22,180	-	22,180
Heart of the Story	17,387	-	-	17,387
Charles Lamar Family Foundation Grant	-	25,260	(12,856)	12,404
Saurage Crespo Award	5,000	-	-	5,000
Creative Aging	5,045	4,825	(6,816)	3,054
Evertt Powers Creativity Grant	-	6,000	(3,026)	2,974
Richardson Dufour Scholarship	2,718	-	(360)	2,358
Art Camps & Classes	-	12,000	(12,000)	-
Art Summit	-	10,000	(10,000)	-
Sunday in the Park	-	6,000	(6,000)	-
Creative Relief	-	500	(500)	-
	<u>\$4,002,822</u>	<u>\$ 481,596</u>	<u>\$ (192,693)</u>	<u>\$4,291,725</u>

The contributions generated above are designated to fund operations of participating arts organizations or have restrictions as stipulated by donors or in the grant agreements. When the related purpose restriction is satisfied, these net assets with donor restrictions are released to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **Tax-exempt status**

The Council is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Council's open audit periods are 2019 through 2022.

### **In-kind services**

Material in-kind items used in the Council's special events are recorded as revenues and expenses when received. The Council recognized \$368,092 of donated services for the year ended June 30, 2023. See Note 10.

A substantial number of unpaid volunteers have made a significant contribution of their time to develop the Council's programs, principally in fund raising activities, educational projects, operations, and board participation. The value of this donated time is not reflected in these statements since such services do not meet the requirements for recognition under United States of America generally accepted accounting principles.

### **Recently adopted accounting standard**

The Council implemented ASU 2016-02, *Leases* (Topic 842), effective July 1, 2022. The ASU's core principle is that "a lessee should recognize the assets and liabilities that arise from leases." The ASU considered that "all leases create an asset and a liability," and accordingly requires recording the assets and liabilities related to all leases with a term greater than 12 months. Concurrent with the implementation of ASU 2016-02, and ASU 2018-11 "*Leases* (Topic 842): *Targeted Improvements*," which intended to simplify the transition requirement giving the Council the option to apply the transition provisions of the new standard at the date of adoption instead of at the earliest comparative period. In implementing these ASUs, the Council elected the options provided in ASU 2018-11. This accounting was applied to all lease agreements using the modified retrospective method, and when implemented with ASU 2018-11, allowed the Council to recognize the leased assets and liabilities on its balance sheet beginning on July 1, 2022 without restating prior periods. In adopting the standard at July 1, 2022, the Council recognized right-of-use financing assets and corresponding lease liabilities totaling \$14,758. See Note 5 for right of use operating lease standards had no material effect on net income; therefore, no adjustment to retained earnings was recorded.

### **Subsequent events**

In preparing the financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through November 20, 2023, which was the date the financial statements were available to be issued.

(continued)

**NOTE 2 - INVESTMENTS**

Investments, at June 30, 2023, consisted of the following:

	Amount	
	Market	Cost
Equities	\$ 202,366	\$ 202,178
Fixed income	305,951	302,490
Total	\$ 508,317	\$ 504,668

The summary of investment return and its classification in the consolidated statement of activities for the year ended June 30, 2023 is as follows:

	Amount
Realized gains, net	\$ 5,809
Unrealized gains, net	2,223
Interest and dividends	2,512
Total	\$ 10,544

At June 30, 2023, the fair value hierarchy of the Council's investments are as follows:

	Amount			Total
	Level 1	Level 2	Level 3	
Equities	\$ 202,366	\$ -	\$ -	\$ 202,366
Fixed income	305,951	-	-	305,951
Total	\$ 508,317	\$ -	\$ -	\$ 508,317

**NOTE 3 - PROMISES TO GIVE**

Unconditional promises to give consist of the following as of June 30, 2023:

	Amount
Receivable in less than one year	\$ 181,552
Receivable in one to five years	16,571
Total	\$ 198,123

**NOTE 4 - BUILDING LEASE RECEIVABLE**

In 2018, the Council entered a leasing agreement with the City Baton Rouge/Parish of East Baton Rouge, State of Louisiana for usage of a building and adjacent parking lot for 99 years. The annual rent of \$39,000 is considered a donation to the Council. The rent expense is presented in the statement of functional expenses.

**NOTE 4 - BUILDING LEASE RECEIVABLE (CONTINUED)**

As of July 1, 2022, a contributed rent receivable equal to the present value of annual rental payments (assuming a discount rate of 4.75% in 2022) was recorded by the Council. See Note 13 for prior year restatement. The annual rental of \$39,000 was recorded, net of the amortized discount, resulting in a net land rental of \$37,232 for the year ending June 30, 2023.

Rent expense expected to be recorded in future years, in accordance with the lease agreement, is as follows:

<u>Year ending June 30,</u>	<u>Lease Amount</u>	<u>Discount Amortization</u>	<u>Net Expense</u>
2024	\$ 39,000	\$ 1,768	\$ 37,232
2025	39,000	1,768	37,232
2026	39,000	1,768	37,232
2027	39,000	1,768	37,232
2028	39,000	1,768	37,232
Thereafter	<u>3,451,500</u>	<u>156,515</u>	<u>3,294,985</u>
Total	<u>\$ 3,646,500</u>	<u>\$ 165,355</u>	<u>\$ 3,481,145</u>

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment, related service lives, and accumulated depreciation at June 30, 2023 are as follows:

	<u>Estimated Service Lives</u>	<u>2023</u>
Furniture and equipment	5 - 10 years	25,587
Vehicles	3 - 5 years	310,776
Building improvements	3 - 5 years	<u>2,913,241</u>
		3,249,604
Accumulated depreciation		<u>(471,667)</u>
Property and equipment, net		<u>\$ 2,777,937</u>

Depreciation expense was \$252,992 for the year ended June 30, 2023.

(continued)



**NOTE 6 - RIGHT-OF-USE ASSET AND FINANCING LEASE LIABILITY**

Lease costs for the year ended June 30, 2023 are as follows:

Finance lease expense	
Amortization of right-of-use assets	\$ 4,736
Interest on lease liabilities	<u>513</u>
Total	<u>\$ 5,249</u>

As of June 30, 2023, the Council held as financing lease for office equipment used in operations under a five-year lease term with no option to renew. The effective day of the lease was August 12, 2021.

The Council is obligated for the following rental payments on its financing lease:

Year	Amount
2024	\$ 5,093
2025	5,093
2026	5,093
2027	<u>424</u>
Total undiscounted cash flows	15,705
Less: present value discount	<u>(946)</u>
Total lease liabilities	<u>\$ 14,758</u>

**NOTE 7 - DEFERRED REVENUE**

During 2023, changes in deferred revenue were as follows:

	Beginning of Year	Increases	Decreases	End of Year
LPG Regranting	\$ 40,789	\$ 284,038	\$ (168,816)	\$ 156,011
Community School for the Arts	75,000	75,000	(75,000)	75,000
Library	10,202	152,354	(99,491)	63,065
RAC	-	116,425	(72,902)	43,523
City Parish Operating Grants	30,795	123,180	(123,180)	30,795
MPAC	-	116,949	(93,459)	23,490
Sunday in the Park	20,000	46,000	(46,000)	20,000
LPG CDC	-	37,857	(31,428)	6,429
Lamar Grant	16,014	150	(15,351)	813
Ebb & Flow	-	50,000	(50,000)	-
Blues Festival	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>
	<u>\$ 192,800</u>	<u>\$1,051,953</u>	<u>\$ (825,627)</u>	<u>\$ 419,126</u>

**NOTE 8 - NOTE PAYABLE**

In June 2020, the Capital Area Finance Authority (CAFA) issued a note payable for the construction and/or renovation of a facility that is occupied rent-free from the City-Parish of East Baton Rouge in an amount of up to \$2.4 million dollars.

Upon completion of the construction/renovation of the facility, the Council is required to pay CAFA installment payments equal to 90% of the designated capital campaign contributions received in the prior month toward the outstanding loan balance, plus interest of 3.00%. As of June 30, 2023, the balance of the construction line of credit note payable was \$1,072,423.

The construction/renovation of the facility was completed in August 2021 and payments commenced in September 2021 with total drawdowns on the construction line of credit totaling \$1,676,889.

**NOTE 9 - RETIREMENT PLAN**

The Council offers retirement benefits through simple individual retirement accounts for eligible employees electing to establish the account. The Council provides matching contributions of 3% of eligible compensation. Participants are fully vested in contributions made to their individual retirement account. During 2023, the Council contributed \$10,902.

**NOTE 10 - RISKS AND UNCERTAINTIES**

**Concentration of credit risk**

Financial instruments which subject the Council to concentrations of credit risk consist primarily of cash, cash equivalents, and certificates of deposit. The Council typically maintains these balances in local banks that may, at times, exceed the FDIC limits. Concentrations of credit risk for receivables are generally diversified due to the large number of entities and individuals composing the Council's programs and donor base.

The Council solicits a majority of funds from individual and corporate contributors in the Baton Rouge area and also receives grants from the City of Baton Rouge and the State of Louisiana, which are significant.

**NOTE 11 - DONATED SERVICES AND ASSETS**

The Council received the following contributions of nonfinancial assets for the year ending June 30:

	<u>2023</u>
Advertising services	\$ 340,142
Professional services	12,890
Capitalized equipment	8,525
Contributed rent	1,768
Meals	<u>4,767</u>
Total	<u>\$ 368,092</u>

**NOTE 11 - DONATED SERVICES AND ASSETS (CONTINUED)**

Purchase discounts, contributed gift cards, food and supplies received by the Council are recorded as in-kind contribution revenue with a corresponding increase to food and beverage item or supplies expense.

The Council utilized valuation methods during the year ended June 30, 2023 based upon the valuation of the services, equipment, food and beverage items and/or supplies provided by the donor.

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Council receives contributed banking and event security services that are reported using current rates for similar services. The Council also receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statements of activities for these fundraising and special projects services because the criteria for recognition have not been satisfied.

**NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Council's financial assets as of June 30, 2023, excluding amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

	2023
Cash and cash equivalents	\$ 357,750
Restricted cash	412,103
Receivables	3,926,321
Investments	508,319
Less: net asset restrictions for specific purposes	(4,291,725)
Less: deferred revenue restrictions for specific purposes	(40,789)
Financial assets available to meet cash needs for expenditures within one year	\$ 871,979

### NOTE 13 - PRIOR PERIOD ADJUSTMENT

The restatement of net assets with donor restrictions as of July 1, 2022 are as follows:

#### **Net assets with donor restrictions**

Net assets with donor restrictions as of July 1, 2021	\$ 1,101,617
To record building lease receivable	<u>3,555,609</u>
Net assets with donor restrictions as of July 1, 2021, restated	4,657,226
Net assets without donor restrictions as of July 1, 2022, as previously stated	<u>1,616,065</u>
Total net assets as of July, 1, 2021, as restated	<u><u>\$ 6,273,291</u></u>

**SUPPLEMENTARY SCHEDULES**

**ARTS COUNCIL OF GREATER BATON ROUGE**  
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO AGENCY HEAD**

For the fiscal year ended June 30, 2023

**Agency Head: Renee Chatelain, President and CEO**

*No compensation paid from public funds.*



**Daigrepoint & Brian**  
Certified Public Accountants

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

Board of Directors  
Arts Council of Greater Baton Rouge, Inc.  
Baton Rouge, LA

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 Arts Council of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Arts Council of Greater Baton Rouge, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Arts Council of Greater Baton Rouge, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Arts Council of Greater Baton Rouge, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Arts Council of Greater Baton Rouge, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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**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.

A handwritten signature in black ink that reads "Daigrepoint & Brian APAC". The script is cursive and fluid.

Daigrepoint & Brian, APAC  
Baton Rouge, LA

November 20, 2023



**ARTS COUNCIL OF GREATER BATON ROUGE, INC.**  
Baton Rouge, Louisiana

**SCHEDULE OF FINDINGS AND RESPONSES**

For the year ended June 30, 2023

**A) SUMMARY OF AUDIT RESULTS**

- The type of report issued on the basic financial statements: **Unmodified opinion**
- Significant deficiencies in internal control disclosed by the audit of the financial statements: **None**
- Material weaknesses in internal control disclosed by the audit of the financial statements: **None**
- Noncompliance which is material to the basic financial statements: **None**
- Findings related to the financial statements reported in accordance with *Government Auditing Standards*: **None**

**B) FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings related to the audit of the financial statements.

**ARTS COUNCIL OF GREATER BATON ROUGE, INC.**  
Baton Rouge, Louisiana

**SCHEDULE OF FINDINGS AND RESPONSES**

For the year ended June 30, 2022

**A. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no prior year audit findings.



**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors of the Arts Council of Greater Baton Rouge, Inc.  
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, 2022 through June 30, 2023. The Arts Council of Greater Baton Rouge, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

The Arts Council of Greater Baton Rouge, Inc. 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, 2022 through June 30, 2023. 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***

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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 collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) ***Payroll/Personnel***, including (1) payroll processing, (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 (e.g., determining the reasonableness of fuel card purchases).
- 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 Statute (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 disclosure/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.

Results: The organization's policies and procedures address each of the categories noted above as applicable for a nonprofit organization.

#### ***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.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions noted as a result of applying this procedure.

### ***Bank Reconciliations***

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3. Obtain a listing of entity 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 each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or 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 it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted as a result of applying this procedure.

### ***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).
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 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/official verifies the reconciliation.
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.

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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* 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 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 or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted as a result of applying this procedure.

***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).
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.
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (ETF), wire transfer, or some other electronic means.

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:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions noted as a result of applying this procedure.

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

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10. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, 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.
11. 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:
  - a) 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.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
12. 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). 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.

Results: No exceptions noted as a result of applying this procedure.

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

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13. 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.

Results: No exceptions noted as a result of applying this procedure.

### ***Contracts***

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14. 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.

Results: No exceptions noted as a result of applying this procedure.

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

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15. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
16. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - b) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - c) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
17. 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.
18. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums,



garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted as a result of applying this procedure.

### ***Ethics***

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19. 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.
20. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: The Organization is a nonprofit organization so this procedure does not apply.

### ***Debt Service***

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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.
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).

Results: The Organization is a nonprofit organization so this procedure does not apply.

### ***Fraud Notice***

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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.
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.

Results: No exceptions noted as a result of applying this procedure.

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

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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 evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- 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.
26. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees previously obtained. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: We performed the procedures and discussed the results with management.

### ***Sexual Harassment***

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- 27. 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.
- 28. 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).
- 29. 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.

Results: The Organization is a nonprofit organization so this procedure does not apply.

We were engaged by the Arts Council of Greater Baton Rouge, Inc. 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 Arts Council of Greater Baton Rouge, Inc. 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 cursive script that reads "Daigrepoint & Brian APAC".

Daigrepoint & Brian, APAC  
Baton Rouge, LA

November 20, 2023