
FILM PRIZE FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

FILM PRIZE FOUNDATION, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Film Prize Foundation, Inc.
Shreveport, Louisiana

Opinion

We have audited the accompany financial statements of Film Prize Foundation, Inc. (the “Foundation”) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Film Prize Foundation, Inc. as of December 31, 2021, 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 Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation 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 opinion.

Prior Period Financial Statements

The financial statements as of December 31, 2020, were audited by RBM LLP, who merged with Postlethwaite & Netterville, APAC as of July 1, 2022, and whose report dated August 18, 2021, expressed an unmodified opinion on those financial statements.

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 the Foundation’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 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 the Foundation'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 the Foundation'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 or on behalf of the agency head on page 16 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial

statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule 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 19, 2022, on our consideration of the Film Prize Foundation, 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 the Film Prize Foundation, 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 the Film Prize Foundation, Inc.'s internal control over financial reporting and compliance.

Postlethwaite & Netterville

Shreveport, Louisiana
December 19, 2022

FILM PRIZE FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Current assets:		
Cash	\$ 245,487	\$ 216,028
Contributions and grants receivable	76,884	30,000
Prepaid expenses	2,289	124
Total current assets	324,660	246,152
Property and equipment, net	31,349	13,237
Total assets	\$ 356,009	\$ 259,389
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 10,416	\$ 8,753
Line of credit	-	41,209
Accrued expenses	5,689	10,474
Due to related parties	201,951	202,551
Current maturities of long-term debt	3,403	-
Total current liabilities	221,459	262,987
Long-term debt, less current maturities	145,775	150,000
Total liabilities	367,234	412,987
Net assets (deficit):		
Without donor restrictions	(11,225)	(178,272)
With donor restrictions	-	24,674
Total net assets (deficit)	(11,225)	(153,598)
Total liabilities and net assets (deficit)	\$ 356,009	\$ 259,389

See accompanying notes to financial statements.

FILM PRIZE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Revenues and support:			
Contributions and grants	\$ 93,500	\$ 134,384	\$ 227,884
Donations and sponsorships	537,906	39,825	577,731
Ticket sales	79,184	-	79,184
Other revenues	39,651	-	39,651
Net assets released from restriction:			
Satisfaction of donor restrictions	198,883	(198,883)	-
Total revenues and support	<u>949,124</u>	<u>(24,674)</u>	<u>924,450</u>
Expenses:			
Program services	721,618	-	721,618
General and administrative	100,893	-	100,893
Total expenses	<u>822,511</u>	<u>-</u>	<u>822,511</u>
Other income (expenses):			
Gain on extinguishment of debt	40,434	-	40,434
Total other income (expenses)	<u>40,434</u>	<u>-</u>	<u>40,434</u>
Change in net assets	167,047	(24,674)	142,373
Net deficit, beginning of year	(178,272)	24,674	(153,598)
Net assets (deficit), end of year	<u><u>\$ (11,225)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (11,225)</u></u>

See accompanying notes to financial statements.

FILM PRIZE FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues and support:			
Contributions and grants	\$ 62,500	\$ 78,000	\$ 140,500
Donations and sponsorships	302,407	-	302,407
Ticket sales, net of vendor payments of \$6,678	63,877	-	63,877
Other revenues	10,443	-	10,443
Net assets released from restriction:			
Satisfaction of donor restrictions	64,758	(64,758)	-
Total revenues and support	503,985	13,242	517,227
Expenses:			
Program services	315,827	-	315,827
General and administrative	101,828	-	101,828
Total expenses	417,655	-	417,655
Other income (expenses):			
Gain on extinguishment of debt	25,100	-	25,100
Total other income (expenses)	25,100	-	25,100
Change in net assets	111,430	13,242	124,672
Net assets (deficit), beginning of year	(289,702)	11,432	(278,270)
Net assets (deficit), end of year	\$ (178,272)	\$ 24,674	\$ (153,598)

See accompanying notes to financial statements.

FILM PRIZE FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Expenses:			
Festival and special events	\$ 197,156	\$ 102	\$ 197,258
Salaries and wages	144,192	14,522	158,714
Contract labor	69,283	6,855	76,138
Awards and prizes	66,747	-	66,747
Travel	48,629	4,143	52,772
Advertising and promotion	46,821	2,500	49,321
Other	7,430	6,935	14,365
Design and printing costs	42,517	210	42,727
Payroll taxes	29,861	3,096	32,957
Grants	32,932	-	32,932
Professional fees	5,993	24,493	30,486
Meals and entertainment	8,312	5,853	14,165
Rent	-	12,500	12,500
Office expenses	7,146	2,184	9,330
Technology	2,183	5,352	7,535
Interest	3,439	2,818	6,257
Security	6,058	-	6,058
Insurance	813	4,360	5,173
Utilities and telephone	359	3,823	4,182
Supplies	1,747	1,147	2,894
Total expenses	<u>\$ 721,618</u>	<u>\$ 100,893</u>	<u>\$ 822,511</u>

See accompanying notes to financial statements.

FILM PRIZE FOUNDATION, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Expenses:			
Salaries and wages	\$ 140,188	\$ 13,444	\$ 153,632
Awards and prizes	42,310	-	42,310
Payroll taxes	32,984	3,492	36,476
Festival and special events	33,585	100	33,685
Professional fees	1,205	24,191	25,396
Advertising and promotion	24,398	973	25,371
Design and printing costs	16,726	1,036	17,762
Rent	1,674	12,000	13,674
Technology	2,256	9,884	12,140
Other	7,250	4,281	11,531
Interest	2,866	7,984	10,850
Contract labor	5,565	2,320	7,885
Office expenses	2,089	5,741	7,830
Insurance	-	7,048	7,048
Travel	1,588	4,439	6,027
Meals and entertainment	925	3,956	4,881
Supplies	218	863	1,081
Utilities and telephone	-	76	76
Total expenses	<u>\$ 315,827</u>	<u>\$ 101,828</u>	<u>\$ 417,655</u>

See accompanying notes to financial statements.

FILM PRIZE FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ 142,373	\$ 124,672
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,643	738
Gain on extinguishment of debt	(40,434)	(25,100)
Changes in operating assets and liabilities:		
Receivables	(46,884)	(11,001)
Other current assets	(2,165)	876
Accounts payable	1,663	(2,060)
Accrued expenses	(600)	8,302
Due from related parties	(4,785)	37,273
Net cash provided by operating activities	53,811	133,700
Cash Flows from Investing Activities:		
Purchase of property and equipment	(22,755)	(13,975)
Net cash used in investing activities	(22,755)	(13,975)
Cash Flows from Financing Activities:		
Proceeds from Paycheck Protection Program loan	40,434	25,100
Proceeds from long-term debt	-	150,000
Payments on long-term debt	(822)	-
Payments on line of credit	(41,209)	(84,821)
Net cash provided by (used in) financing activities	(1,597)	90,279
Net increase in cash	29,459	210,004
Cash at beginning of year	216,028	6,024
Cash at end of year	\$ 245,487	\$ 216,028
Supplemental Disclosures:		
Cash paid for interest	\$ 6,257	\$ 8,242

See accompanying notes to financial statements.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

1. Summary of Accounting Policies

Nature of Activities

The Film Prize Foundation, Inc. (the “Foundation”) is a Louisiana nonprofit 501(c)(3) corporation formed in 2012. The objective of the Foundation is to promote short film productions in the Northwest Louisiana area by having an annual contest. Individuals across the country are invited to shoot a short film centered in the Shreveport and Bossier City, Louisiana area with winners receiving grants and prizes. The Foundation supports other local activities by having additional contests and festivals including the Louisiana Startup Prize, Louisiana Music Prize, Film Prize Jr., and Louisiana Food Prize.

Basis of Accounting

These financial statements are presented on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (“GAAP”). As required by GAAP, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Revenues are reported as increases in net assets without donor restrictions unless the use of the asset is limited by donor-imposed restrictions. Expenses are recorded as decreases in net assets without donor restrictions. Accordingly, net assets and changes therein are classified as follows:

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 objectives of the organization. These net assets may be used at the discretion of the Foundation’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 the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by 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 statements of activities.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax Exempt Status

The Foundation is a nonprofit organization exempt from income taxes under provisions of the Internal Revenue Service Code Sections 501(c)(3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes.

The Foundation applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, the Foundation has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

1. Summary of Accounting Policies (continued)

Cash

Cash includes amounts on deposit at local financial institutions.

Contributions and Grants Receivable

Contributions receivable consist of unconditional promises to give and are recorded in the year the promise is made. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

Grants receivable represent billings which are based on expense reimbursement contracts with government agencies. Grants receivable are stated at the amount management expects to collect from outstanding balances.

Periodically, the Foundation evaluates its receivables and establishes an allowance for doubtful accounts based on specifically identified amounts believed to be uncollectible. Past-due receivable balances are written off against the allowance when all attempts to collect the receivable have failed. The Foundation has determined that no allowance for doubtful accounts is necessary as of December 31, 2021 and 2020. The Foundation's policy is not to accrue interest on accounts receivable.

Property and Equipment

Property and equipment are recorded at cost if purchased and fair market value if donated. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. Useful lives for property and equipment range from 5 to 8 years. Repair and maintenance costs are expensed as incurred; major betterments and renewals are capitalized.

Management evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized if the assets are not recoverable and the fair value is less than the carrying value.

Contributions, Grants, and Revenue Recognition

The Foundation recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Foundation's revenue is derived from cost-reimbursable government grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts received are recognized as revenue when the Foundation has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Foundation has been awarded \$203,050 of government grants which were conditioned upon the incurrence of allowable qualifying expenses. As of December 31, 2021, \$141,166 has not been recognized as revenue as the Foundation had not yet incurred qualifying expenses to seek reimbursement.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

1. Summary of Accounting Policies (continued)

Contributions, Grants, and Revenue Recognition (continued)

Sales revenues for festival tickets and merchandise are recognized when tickets and items are sold or as services are provided at a point in time. Revenue for these performance obligations, satisfied at a point in time, is generally recognized when goods or services are provided to customers and the Foundation is not required to provide additional goods or services related to that sale. The Foundation did not have performance obligations that were unsatisfied or partially unsatisfied at December 31, 2021 or 2020.

Advertising Costs

The Foundation uses advertising to promote its programs and events to the audiences it serves. Advertising costs are expensed as incurred and totaled \$49,321 and \$25,371 for the years ended December 31, 2021 and 2020, respectively.

Recent Accounting Pronouncements Issued But Not Yet Adopted

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Foundation's fiscal year ending December 31, 2022.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This ASU requires lessees to recognize assets and liabilities related to lease arrangements longer than twelve months on the statements of financial position as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard's implementation. This standard will be applicable for the Foundation's fiscal year ending December 31, 2022.

The Foundation is currently assessing the impact of these pronouncements on its financial statements.

Functional Allocation of Expenses

The statements of activities and statements of functional expenses report expenses by both natural and functional classification. Certain expenses have been allocated directly by their natural expenditure classification of program services or general and administrative. Costs are typically charged to the function they benefit. However, some costs are allocated between program services and general and administrative services, as determined by management on an equitable basis. Salaries and benefits are allocated based on time and effort.

2. Receivables

Receivables as of December 31, 2021 and 2020, consists of contributions and grants receivable of \$76,884 and \$30,000, respectively. No allowance for bad debt was recorded as of December 31, 2021 and 2020.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

3. Property and Equipment

Property and equipment as of December 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture, fixtures, and equipment	\$ 36,730	\$ 13,975
Property and equipment, at cost	36,730	13,975
Less accumulated depreciation and amortization	(5,381)	(738)
Property and equipment, net	<u>\$ 31,349</u>	<u>\$ 13,237</u>

Depreciation expense amounted to \$4,643 and \$738 for the years ended December 31, 2021 and 2020, respectively.

4. Restrictions on Net Assets

At December 31, 2021, the Foundation had no net assets with donor restrictions. Net assets in the amount of \$198,883 were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

At December 31, 2020, the Foundation had \$24,674 of net assets with donor restrictions, of which all were restricted to support specific program activities. Net assets in the amount of \$64,758 were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by the donors.

5. Liquidity and Availability of Financial Assets

The following reflects the Foundation's financial assets as of the date of the statements of financial position, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the statement of financial position:

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end	\$ 322,371	\$ 246,028
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor for use	<u>-</u>	<u>24,674</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 322,371</u>	<u>\$ 221,354</u>

6. Line of Credit

The Foundation had a \$100,000 line of credit with a bank which matured on June 4, 2021. Interest on borrowings was paid monthly at 4% above the Wall Street Journal prime rate with a floor of 7.25%, collateralized by real estate and deposit accounts. The outstanding balance on the line of credit was \$41,209 at December 31, 2020, and was paid off in 2021.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

7. Long-Term Debt

Long-term debt consists of the following:

	2021	2020
2.75% note payable to U.S. Small Business Administration ("SBA"), due April 2050, funded under the SBA's Economic Injury Disaster Loan program, collateralized by property and equipment	\$ 149,178	\$ 150,000
Total	149,178	150,000
Less: current maturities	(3,403)	-
Long-term debt	\$ 145,775	\$ 150,000

The aggregate amounts of long-term debt maturing in each of the next five years and thereafter are as follows:

2022	\$	3,403
2023		3,503
2024		3,606
2025		3,712
2026		3,821
2027 and thereafter		131,133
Total maturities	\$	149,178

8. Paycheck Protection Program Loan

On April 13, 2020, the Foundation was granted an unsecured loan from a financial institution in the amount of \$25,100, pursuant to the Paycheck Protection Program (the "PPP Loan") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), which was enacted March 27, 2020. The PPP Loan had a two-year term with an interest rate of 1.0% per annum. Monthly principal and interest payments were due starting May 2021. Under the CARES Act, PPP Loan recipients could be granted forgiveness for all or a portion of loans granted subject to certain conditions, based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities.

In accounting for the terms of the PPP Loan, the Foundation is guided by ASC 470 - *Debt* and ASC 450-30 - *Gain Contingency*. Accordingly, the Foundation recorded the initial proceeds of the PPP Loan of \$25,100 as debt. On June 23, 2021, the Foundation received full forgiveness of the PPP loan and accrued interest from the U.S. Small Business Administration. Upon notification of forgiveness, the Foundation recognized a gain on extinguishment of debt (and derecognized the loan) of \$25,100 including accrued interest for the year ended December 31, 2020.

On January 12, 2021, the Foundation applied for a second draw PPP loan (the "PPP2") pursuant to the Consolidated Appropriations Act, 2021 (the "CAA") that was signed into law in December 2020. The Foundation received approval of PPP2 funding of \$40,434 on January 25, 2021, under the provisions of the CAA's PPP Phase II program. Similarly to the CARES Act, recipients of PPP2 funding could be granted forgiveness for all or a portion of loans granted subject to certain conditions, based on the use of the loan proceeds for payment of payroll costs and other operational expenses, mortgage interest, rent, utilities, or worker protection costs. On September 1, 2021, the Foundation received full forgiveness of the PPP2. The Foundation recognized a gain on extinguishment of debt (and derecognized the loan) of \$40,434 for the year ended December 31, 2021.

FILM PRIZE FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS

8. Concentration of Credit Risk

The Foundation maintains cash deposits at certain financial institutions which, at times, may be in excess of the Federal Deposit Insurance Corporation insurance limit. The Foundation has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk related to cash.

9. Related Party Transactions

The Foundation subleases office space from a related party on month-to-month terms. The operating lease provides for a monthly rental of \$1,000. Rent expense for this property for 2021 and 2020 totaled \$12,500. The monthly rental payments were made directly to the landlord.

The Foundation has balances due upon demand to two related parties, which do not bear interest. The total amounts due to each of the related parties as of December 31, 2021 and 2020, were \$191,483, \$10,468 and \$192,083, \$10,468, respectively.

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 19, 2022, which is the date that the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2021, that required recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

FILM PRIZE FOUNDATION, INC.
SHREVEPORT, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO OR ON BEHALF OF THE AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Agency Head: Gregory Kallenberg, Executive Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - Insurance	-
Benefits - Retirement	-

R.S. 24:513 (A) (3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session which clarified that nongovernmental or not for profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer paid from public funds.

The Foundation is not required to report the total compensation, reimbursements, and benefits paid to the agency head as these costs are supported by private funds.

See accompanying independent auditors' report.

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

To the Board of Directors of
Film Prize Foundation, Inc.

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 Film Prize Foundation, Inc. (the "Foundation," a nonprofit organization) and subsidiaries, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and changes in net assets, 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 19, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing 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 the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 the Foundation’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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2021-001.

Foundation’s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation’s response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The Foundation’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Postlethwaite & Netterville

Shreveport, Louisiana
December 19, 2022

FILM PRIZE FOUNDATION, INC.
SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2021

2021-001 Timely Submission to the Louisiana Legislative Auditor

- Criteria: Under Louisiana statute (LA R.S. 24:513), the Foundation is required to submit a compilation of its annual financial statements prepared in accordance with U.S. generally accepted accounting principles to the Legislative Auditor of the State of Louisiana by June 30 of each year.
- Condition: The Organization did not meet the June 30, 2022 deadline for reporting to the State of Louisiana.
- Cause: The Foundation was not aware of the requirement to report to the State of Louisiana which is required as a result of the Foundation incurring expenses reimbursable by state and local government funding during 2021.
- Effect: The Foundation is non-compliant with the state audit law with respect to timeliness of submission.
- Recommendation: We recommend that the Foundation implement procedures to ensure that reporting to the State of Louisiana is completed timely for years in which the Foundation has state or local government revenues.
- Management's Response: Management will review total funding received by state and local governments on an annual basis to ensure proper compliance with the Legislative Auditor of the State of Louisiana by June 30 of each year. Additionally, Management will review with their accountants on an annual basis any future state and local government promises to give to ensure any amounts earned but not received have been properly accounted for.