

**Shreveport Regional Arts Council  
Shreveport, Louisiana**

**Financial Statements**

**As of and for the Years Ended June 30, 2021 and 2020**

Shreveport Regional Arts Council  
Shreveport, Louisiana

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# COOK & MOREHART

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## Independent Auditors' Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Shreveport Regional Arts Council, (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shreveport Regional Arts Council, as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information schedule shown on page 19 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of Shreveport Regional Arts Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Shreveport Regional Arts Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shreveport Regional Arts Council's internal control over financial reporting and compliance.



Cook & Morehart  
Certified Public Accountants  
December 29, 2021



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statements of Financial Position  
June 30, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash and cash equivalents	\$ 766,717	\$ 430,586
Investments	853,613	701,332
Grants receivable	98,959	50,983
Other receivables	11,551	14,721
Prepaid expenses	4,264	1,039
Total current assets	1,735,104	1,198,661
Noncurrent assets:		
Cash - restricted	1,083,405	1,224,371
Promises to give - building renovations	100,000	125,000
Promises to give - bridge re-lighting project	297,263	800,000
Property and equipment, net	2,717,076	2,747,875
Construction in progress - bridge re-lighting project	704,859	27,263
Land held for development	18,000	18,000
Total noncurrent assets	4,920,603	4,942,509
Total Assets	\$ 6,655,707	\$ 6,141,170
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 21,812	\$ 14,228
Accrued expenses	97,703	81,277
Line of credit	195,842	235,842
Loan payable	101,220	118,500
Grants payable	28,837	80,081
Total current liabilities	445,414	529,928
Due to beneficiary organization bridge re-lighting project	1,101,813	1,000,000
Total Liabilities	1,547,227	1,529,928
Net assets		
With donor restrictions	1,169,500	1,211,734
Without donor restrictions	3,938,980	3,399,508
Total net assets	5,108,480	4,611,242
Total Liabilities and Net Assets	\$ 6,655,707	\$ 6,141,170

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

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

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, gains, support and reclassifications:			
Admissions sales and concessions	\$ 49,471	\$	\$ 49,471
Tuition and fees	4,480		4,480
Individual contributions	63,271		63,271
Business and industry contributions	199,165	48,000	247,165
Foundation grants	115,327	21,500	136,827
Government grants / contracts:			
City of Shreveport	317,180		317,180
Other governments	77,041		77,041
State of Louisiana	182,352		182,352
Special events -			
Club 365	534,829		534,829
Rental Income	10,375		10,375
Interest and dividends	27,852		27,852
Miscellaneous income	7,842		7,842
Gain on forgiveness of loan	118,500		118,500
Net assets released from restrictions			
Satisfaction of program restrictions	111,734	(111,734)	
	1,819,419	(42,234)	1,777,185
Expenses:			
Supporting services -			
General and administrative	295,076		295,076
Fund Raising	198,237		198,237
	493,313		493,313
Program services			
Arts in Education	89,667		89,667
Artspace	362,458		362,458
Arts Economic Development and Research	280,139		280,139
Public Programming	201,465		201,465
Capital/Special Projects	5,186		5,186
	938,915		938,915
	1,432,228		1,432,228
Change in net assets from operations	387,191	(42,234)	344,957
Nonoperating activities			
Investments return, net	152,281		152,281
Change in net assets	539,472	(42,234)	497,238
Net assets, beginning of year	3,399,508	1,211,734	4,611,242
Net assets, end of year	\$ 3,938,980	\$ 1,169,500	\$ 5,108,480

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

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, gains, support and reclassifications:			
Admissions sales and concessions	\$ 100,231	\$	\$ 100,231
Tuition and fees	38,966		38,966
Individual contributions	74,600		74,600
Business and industry contributions	123,080		123,080
Foundation grants	161,125	25,000	186,125
Government grants / contracts:			
City of Shreveport	454,016	10,000	464,016
Other governments	222,500	1,000,000	1,222,500
State of Louisiana	198,032		198,032
Special events -			
Club 365	50,000		50,000
Rental Income	15,000		15,000
Interest and dividends	28,220		28,220
Miscellaneous income	13,004		13,004
Net assets released from restrictions			
Satisfaction of program restrictions	335,188	(335,188)	
Total revenues, gains, support and reclassifications	1,813,962	699,812	2,513,774
Expenses:			
Supporting services -			
General and administrative	322,770		322,770
Special events fund raising - Club 365	98,904		98,904
Total supporting services	421,674		421,674
Program services			
Artbreak	171,215		171,215
Artspace	418,896		418,896
Shreveport Common / Public Art	218,170		218,170
Arts Resource Center	582,155		582,155
Rainbow City	479,076		479,076
Total programs services	1,869,512		1,869,512
Total expenses	2,291,186		2,291,186
Change in net assets from operations	(477,224)	699,812	222,588
Nonoperating activities			
Investments return, net	7,266		7,266
Change in net assets	(469,958)	699,812	229,854
Net assets, beginning of year	3,869,466	511,922	4,381,388
Net assets, end of year	\$ 3,399,508	\$ 1,211,734	\$ 4,611,242

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



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

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

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



Shreveport Regional Arts Council  
 Shreveport, Louisiana  
 Statement of Functional Expenses  
 For the Year Ended June 30, 2020

	Support Services		Program Services					Total Program Services	Totals
	General and Administrative	Fund Raising - Club 365	Artbreak	Artspace	Shreveport Common / Public Art	Arts Resource Center	Rainbow City		
Auction Expense	\$	\$ 7,713	\$	\$	\$	\$	\$	\$	\$ 7,713
Awards				6,250				6,250	6,250
Bank charges	10,368		104	1,314		318	960	2,696	13,064
Cleaning				2,430				2,430	2,430
Contract labor	8,174	60	1,860	16,989		560	10,861	30,270	38,504
Depreciation expense	72,477			3,294	44,475	44,475		92,244	164,721
Dues and subscriptions	7,521	1,412	216	630	324	1,617	41	2,828	11,761
Development		4,350	5,679		219		1,798	7,696	12,046
Employee benefits	24,915	5,231	4,856	21,612	5,072	2,954	5,396	39,890	70,036
Equipment and facility rentals	11,239	1,200	1,200	930	12,080		30,573	44,783	57,222
Event expenses							7,576	7,576	7,576
Grants to other agencies						456,909		456,909	456,909
Insurance expense	7,445	4,946	4,946	4,556	4,857	4,946		19,305	31,696
Interest	767			20,500				20,500	21,267
Internet	7,800		120	979			262	1,361	9,161
Marketing	917	210	210	23,227		297	39,629	63,363	64,490
Miscellaneous expense	(52)	100	73	52,264	268		23,038	75,643	75,691
Payroll taxes	7,782	4,170	5,838		4,716	2,726	6,668	19,948	31,900
Postage and freight	465	318	674	1,232	118	112	1,143	3,279	4,062
Professional artist fees	910		24,921	75,178	2,000	6,833	166,853	275,785	276,695
Professional services	16,901	8,085	23,379	7,821	72,502	14,805	7,283	125,790	150,776
Promotion and printing	45	568	1,854	331	1,155	3,250	16,410	23,000	23,613
Repair and maintenance	8,957			24,315		285	630	25,230	34,187
Salaries	98,845	57,448	77,181	138,820	65,231	36,987	94,536	412,755	569,048
Security	1,144			749			12,214	12,963	14,107
Supplies and fees	9,818	1,798	16,909	10,953	2,667	2,205	39,705	72,439	84,055
Telephone	5,441								5,441
Program	16,295		1,195	3,346	2,486	2,648	10,582	20,257	36,552
Staff and board	1,692			1,176		228	2,918	4,322	6,014
Utilities	2,904	1,295							4,199
	<u>\$ 322,770</u>	<u>\$ 98,904</u>	<u>\$ 171,215</u>	<u>\$ 418,896</u>	<u>\$ 218,170</u>	<u>\$ 582,155</u>	<u>\$ 479,076</u>	<u>\$ 1,869,512</u>	<u>\$ 2,291,186</u>

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

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Statements of Cash Flows  
For the Years Ended June 30, 2021 and 2020

Operating Activities	2021	2020
Changes in net assets	\$ 497,238	\$ 229,854
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	161,231	164,721
Gain on forgiveness of loan	(118,500)	
Realized and unrealized (gains) and losses on investments	(152,281)	(7,266)
(Increase) decrease in operating assets:		
Grants receivable	(47,976)	145,000
Other receivables	3,170	47,650
Promises to give	25,000	51,063
Deposits		1,147
Prepaid expenses	(3,225)	7,878
Increase (decrease) in operating liabilities:		
Accounts payable	7,584	(10,734)
Grants payable	(51,244)	36,094
Accrued expenses	16,426	(1,539)
Deferred revenue		(21,250)
Net cash provided by operating activities	337,423	642,618
 Investing Activities		
Construction in progress - bridge lighting	(677,596)	(27,263)
Payments for property and equipment	(130,432)	
Proceeds from sales of investments		285,500
Net cash provided/(used) by investing activities	(808,028)	258,237
 Financing Activities		
Funds held as agency transfer-bridge re-lighting project	604,550	200,000
Proceeds from notes payable	101,220	118,500
Proceeds from line of credit		1,250
Payments on line of credit	(40,000)	(250,000)
Net cash provided by financing activities	665,770	69,750
 Net increase in cash and cash equivalents	195,165	970,605
 Cash and cash equivalents as of beginning of year	1,654,957	684,352
 Cash and cash equivalents as of end of year	\$ 1,850,122	\$ 1,654,957
 Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 766,717	\$ 430,586
Restricted cash	1,083,405	1,224,371
Cash, cash equivalents, and restricted cash, end of year	\$ 1,850,122	\$ 1,654,957
 Non-cash investing and financing transaction:		
Due to beneficiary organization-bridge re-lighting project	\$ 1,101,813	\$ 1,000,000
Promise to give - bridge re-lighting project	(297,263)	(800,000)
Cash received in prior period for bridge re-lighting project	(200,000)	
Cash received for bridge re-lighting project	\$ 604,550	\$ 200,000
 Supplemental disclosure:		
Interest paid during the year on line of credit	\$ 8,034	\$ 20,500

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



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2021 and 2020

(1) Summary of Significant Accounting Policies

A. Nature of Activities

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

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

B. Basis of Accounting

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

C. Use of Estimates

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

D. Basis of Presentation

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

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

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

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

(Continued)



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2021 and 2020  
(Continued)

E. Cash and Cash Equivalents

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

F. Promises to Give

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

G. Investments

Investments are stated at fair market value, based on quoted market prices.

H. Fair Value Measurements

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

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

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

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

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

I. Property and Equipment

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

(Continued)

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2021 and 2020  
(Continued)

J. Contributions

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

K. Advertising Costs

SRAC uses advertising to promote its services among the community it serves. The costs of advertising are expensed as incurred. For the years ended June 30, 2021 and 2020, advertising costs totaled \$13,717 and \$63,363, respectively, and are included in marketing on the Statements of Functional Expenses.

L. Employee Benefit Plans

SRAC established a Simple Retirement Account plan for its full and part-time employees. An employee is eligible to participate in any calendar year if the employee received at least \$5,000 of compensation during each of the two preceding year calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year. Participation is voluntary, and the employee may contribute up to \$7,000 per year. SRAC matches the employee's contribution up to 3% of the employee's annual compensation, or \$7,000, whichever is less. The contributions charged to expense for the years ended June 30, 2021 and 2020 were \$11,179 and \$14,337, respectively.

M. Income Tax Status

SRAC is a non-profit corporation and is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to SRAC's tax-exempt purpose is subject to taxation as unrelated business income. SRAC had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2018, 2019, 2020, and 2021 are subject to examination by the IRS, generally three years after they were filed.

N. Expense Allocation

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

(Continued)



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2021 and 2020  
(Continued)

O. Accrued Absences

SRAC's policy is to pay employees upon termination for vacation time accrued up to 160 hours maximum per employee with 0–5 years' experience; up to 192 hours for employees with 6–10 years' experience; up to 240 hours for employees with 11–15 years' experience; up to 288 hours for employees with 16–20 years' experience; up to 336 hours for employees with 21–24 years' experience; up to 400 hours for employees with 25–30 years' experience; and up to 480 hours for employees with over 31 years' experience. An accrued liability for vacation time of \$65,971 and \$58,715 is included in accrued expenses at June 30, 2021 and 2020, respectively.

(2) Agreement for Services

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

(3) Concentrations of Credit Risk

SRAC maintains cash balances at financial institutions and a money market account held by an investment broker. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at financial institutions. Securities Investor Protection Corporation (SIPC) insures funds on deposit with the investment broker up to \$500,000. SRAC had uninsured cash balances of \$1,038,505 and \$752,363 at June 30, 2021 and 2020, respectively.

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

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

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2021 and 2020, SRAC had no significant concentrations of credit risk in relation to grant receivables.

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

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

The fair market value of the fund at June 30, 2021 and 2020 was \$319,801 and \$260,654 respectively.

(Continued)



Shreveport Regional Arts Council  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2021 and 2020  
 (Continued)

(5) Restricted Assets

Assets restricted for building renovations, development of park, artspace, and bridge re-lighting project at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,083,405	\$ 1,224,371
Promises to give	<u>397,263</u>	<u>925,000</u>
	<u>\$ 1,480,668</u>	<u>\$ 2,149,371</u>

There are no discounts or allowances associated with promises to give at June 30, 2021 and 2020, respectively.

	<u>2021</u>	<u>2020</u>
Receivables in less than one year	\$ 322,263	\$ 825,000
Receivables in one to five years	<u>75,000</u>	<u>100,000</u>
Total promises to give	<u>\$ 397,263</u>	<u>\$ 925,000</u>

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

	<u>2021</u>	<u>2020</u>
Promises to give – building renovations	\$ 100,000	\$ 125,000
Promises to give – bridge re-lighting project	<u>297,263</u>	<u>800,000</u>
Total promises to give	<u>\$ 397,263</u>	<u>\$ 925,000</u>

(6) Investments

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

Investments as of June 30, 2021, and 2020, consisted of the following:

	<u>2021</u>		<u>2020</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 510,652	\$ 476,083	\$ 404,080	\$ 391,095
Other assets			15,228	17,056
Equity funds	<u>342,961</u>	<u>250,311</u>	<u>282,024</u>	<u>284,427</u>
	<u>\$ 853,613</u>	<u>\$ 726,394</u>	<u>\$ 701,332</u>	<u>\$ 692,578</u>

Investment income (loss) for the years ended June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Realized gain on sale on investments	\$ 15,854	\$ 78,921
Unrealized gains (losses) on investments	<u>136,427</u>	<u>(71,655)</u>
	<u>\$ 152,281</u>	<u>\$ 7,266</u>

(Continued)

Shreveport Regional Arts Council  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2021 and 2020  
 (Continued)

(7) Development of Shreveport Common

Shreveport Common was a program administered by SRAC at the request of the City of Shreveport until such time as Shreveport Common, Inc. received its designation as a separate 501(c) 3 entity. Funds received by SRAC but not yet expended for the development of the Shreveport Common area are included in restricted cash and net assets with donor restrictions as of June 30, 2021 and 2020, totaling \$1,000,000 and \$1,051,634, respectively.

Amounts reflected as Land Held for Development totaling \$18,000 at June 30, 2021 and 2020, represent payments made by SRAC to purchase portions of property for the Shreveport Common area. Those purchases were made using funds received by SRAC which were restricted for the development of the area. The land will be transferred to the separate Shreveport Common, Inc. entity in the future.

(8) Property and Equipment

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

Furniture, fixtures, equipment	7 – 20 years	\$ 530,917
Leasehold improvements – construction in process	None	303,250
Leasehold improvements	5 – 10 years	<u>3,257,096</u>
		4,091,263
Accumulated Depreciation		<u>( 1,374,187)</u>
		<u>\$ 2,717,076</u>

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

Property and equipment at June 30, 2020, with estimated depreciable life, are summarized as follows:

Furniture, fixtures, equipment	7 – 20 years	\$ 512,485
Leasehold improvements – construction in process	None	191,250
Leasehold improvements	5 – 10 years	<u>3,257,096</u>
		3,960,831
Accumulated Depreciation		<u>( 1,212,956)</u>
		<u>\$ 2,747,875</u>

Depreciation expense for the year ended June 30, 2020 was \$164,721.

(9) New Accounting Pronouncement

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers". This Standard, along with its related amendments, requires organizations to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard was effective for annual reporting periods beginning after December 15, 2019. The adoption of this standard did not have a material effect on the Organization's financial statements and required no adjustment.

(Continued)

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2021 and 2020  
(Continued)

(10) Net Assets

Net assets at June 30, consisted of the following:

	2021	2020
Net Assets Without Donor Restrictions:		
Undesignated net assets	\$ 2,964,321	\$ 2,656,880
Designated net assets		
Covid artists payments		17,400
Grants to other organizations	100,000	
Board designated reserves	874,659	725,228
Total designated for use for programs	974,659	742,628
Total net assets without donor restrictions	3,938,980	3,399,508
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose –		
Restricted for Development of Shreveport Common	1,048,000	1,051,634
Restricted for Artspace	100,000	150,000
Restricted for Artbreak	21,500	10,100
Total net assets with donor restrictions	1,169,500	1,211,734
Total Net Assets	\$ 5,108,480	\$4,611,242

(11) Operating Leases

SRAC leases certain storage space and equipment under operating leases. Rental costs for these leases for the years ended June 30, 2021 and 2020 were \$13,630 and \$13,479, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

<u>For the Year Ending June 30,</u>	
2022	\$ 7,956
2023	7,956
2024	7,956
2025	3,978
Total minimum future rentals	\$ 27,846

(12) Accrued Expenses

Accrued expenses consisted of the following at June 30, 2021 and 2020:

	2021	2020
Accrued leave payable	\$ 65,971	\$ 58,715
Accrued payroll and related benefits	31,732	22,562
	\$ 97,703	\$ 81,277

(Continued)



Shreveport Regional Arts Council  
 Shreveport, Louisiana  
 Notes to Financial Statements  
 June 30, 2021 and 2020  
 (Continued)

(13) Line of Credit

SRAC has a revolving line of credit in the amount of \$500,000. The line of credit has a variable interest rate based upon the Wall Street Journal Prime Rate, which was 3.25% at June 30, 2021. The balance on the line of credit as of June 30, 2021 and 2020 was \$195,842 and \$235,842, respectively and has a maturity date of March 22, 2022. The line of credit is secured by an investment account held in SRAC's name.

Interest expense incurred on the line of credit for the years ended June 30, 2021 and 2020 was \$8,034 and \$20,500, respectively.

(14) Liquidity and Availability of Financial Assets

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

Financial assets at year-end:	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 766,717	\$ 430,586
Investments	853,613	701,332
Grant receivables	98,959	50,983
Other receivables	11,551	14,721
Cash restricted	<u>1,083,405</u>	<u>1,224,371</u>
Total financial assets	2,814,245	2,421,993
 Less amounts not available to be used within one year:		
Net assets with donor restrictions	( 1,169,500)	(1,211,734)
Less designated assets which are designated for program use	<u>( 100,000)</u>	<u>( 17,400)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 1,544,745</u>	 <u>\$ 1,192,859</u>

As reflected above, certain designated assets are designated for program use. These assets limited to use, as reflected in Note 10, are not available for general expenditures within the next year and are, therefore, deducted from the amounts noted above. However, designated amounts could be made available, if necessary. SRAC also has a revolving line of credit in the amount of \$500,000 which could be drawn upon in the event of an unanticipated liquidity need.

In addition to financial assets available to meet general expenditures over the year, SRAC operates with a balanced budget and anticipates covering general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of the SRAC's cash and shows positive cash generated by operations of \$337,423 and \$642,618 for the years ended June 30, 2021 and 2020, respectively.

(15) Concentration of Revenue

During the years ended June 30, 2021 and 2020, SRAC received contractual revenue from federal, state, parish, and city grants in the amount of \$576,573 and \$1,884,548, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

(Continued)

Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2021 and 2020  
(Continued)

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

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

Construction in progress – bridge re-lighting project at June 30, 2021 and 2020, consists of funds paid pursuant to an ongoing project to re-light the Texas Street Bridge. The funding for the re-lighting project is set forth in a Memorandum of Understanding (MOU) between the City of Shreveport, a private donor, and SRAC. Per the terms of the MOU, SRAC will implement a re-lighting project utilizing the most current bridge lighting design and contract. SRAC will receive donations for the project and will administer the contract with the lighting manufacturer. At the completion of the project, the improvements will be donated to the City and will be owned by the City of Shreveport. Total cost of design and lighting purchase are estimated at approximately \$769,679. Per the terms of the MOU, SRAC has received a pledge from a private donor in the amount of \$1,000,000.

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

During the year ended June 30, 2020, SRAC received a promise to give from a private donor in the amount of \$1,000,000, in conjunction with the Texas Street Bridge re-lighting project. Payments received on the promise to give for the years ended June 30, 2021 and 2020, were \$502,737 and \$200,000, respectively. The remaining balance of \$297,263 is to be collected in the subsequent year. Terms of the promise to give are set forth in a Memorandum of Understanding (MOU) between the City of Shreveport, a private donor, and SRAC. No allowance for uncollectible promises to give has been recorded in relation to this promise to give, as management deems the entire amount to be collectible. The remainder is scheduled to be received in 2022.

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

Funds held as due to beneficiary organization - bridge re-lighting project represent the value of the donations received during the years ended June 30, 2021 and 2020, in the amount of \$101,813 and \$1,000,000, respectively, for the Texas Street Bridge re-lighting project. Funding for the re-lighting project is set forth in a Memorandum of Understanding (MOU) between the City of Shreveport, a private donor, and SRAC. Pursuant to the terms of the MOU, SRAC will receive donations for the project and will administer the contract with the lighting manufacturer. At the completion of the project, the improvements will be donated to the City and will be owned by the City of Shreveport.

(19) Grants Payable

Grants payable at June 30, 2021 and 2020 represent amounts owed to recipients of arts grants awarded by SRAC but not yet paid. Final payments are made upon receipt of final reports from the recipients.

(20) Donated Materials, Facilities, and Services

Various materials and services were donated to SRAC by various individuals and organizations. Donated materials and services for the years ended June 30, 2021 and 2020 were \$700 and \$49,675, respectively, were recorded at fair market value at the date of donation, and have been included in revenue and expenses for each year.

(Continued)



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2021 and 2020  
(Continued)

(21) Loan Payable

In April 2020 and February 2021, SRAC received loan proceeds in the amount of approximately \$118,500 and \$101,220, respectively, under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). The loan and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. SRAC intends to use the proceeds for purposes consistent with the PPP.

In July 2021, SRAC received loan forgiveness in the amount of \$118,500, for the April 2020 "PPP" loan. This amount is reported in the Revenues, gains and other support section on the statement of activities for the year ended June 30, 2021.

(22) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2021 and 2020, but received after those dates. Grants receivable are shown net of an allowance of \$42,250 and \$0 as of June 30, 2021 and 2020, respectively.

(23) Related Party Transactions

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

(24) Subsequent Events

Subsequent events have been evaluated through December 29, 2021, the date the financial statements were available to be issued.

(25) Commitments

SRAC entered into agreements for the design and installation of the color kinetics LED lighting system for the Texas Street Bridge in the amount of \$769,679. As of June 30, 2021 \$704,859 had been expended for design and installation. The remaining \$64,820 will be incurred subsequent to June 30, 2021.

SRAC entered into an agreement in November 2020 for the creation, fabrication, and installation of a public art work "Art Trees" for Caddo Common in the amount of \$160,000. As of June 30, 2021, \$112,000 had been expended for the "Art Trees". The remaining \$48,000 will be incurred subsequent to June 30, 2021.

(26) Uncertainty

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



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended June 30, 2021

Agency Head: Pam Atchison, Executive Director

The following payments were made from public funds:

<u>Purpose</u>	<u>Amount Paid with Public Funds</u>
Salary	\$ 35,698
Benefits - insurance	3,814

# COOK & MOREHART

*Certified Public Accountants*

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

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

## Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shreveport Regional Arts Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2021.

### Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Shreveport Regional Arts Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Cook & Morehart  
Certified Public Accountants  
December 29, 2021



Shreveport Regional Arts Council  
Shreveport, Louisiana  
Summary Schedule of Audit Findings  
June 30, 2021

**Summary Schedule of Prior Audit Findings**

There were no findings for the prior year audit for the year ended June 30, 2020.

**Summary Schedule of Current Year Audit Findings**

There are no findings for the current year audit for the year ended June 30, 2021.