



Red River Revel Arts Festival

FINANCIAL STATEMENTS

December 31, 2021

	Page
REPORT	
Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8
SUPPLEMENTARY INFORMATION	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	20
INTERNAL CONTROLS	
Communication of Material Weakness	21
Schedule of Findings and Responses	22



Carr, Riggs & Ingram, LLC

1000 East Preston Avenue

Suite 200

Shreveport, LA 71105

Mailing Address:

P.O. Box 4278

Shreveport, LA 71134-0278

(318) 222-2222

(318) 226-7150 (fax)

CRlcpa.com

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Red River Revel Arts Festival

Opinion

We have audited the financial statements of Red River Revel Arts Festival (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 financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Red River Revel Arts Festival 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. 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 Red River Revel Arts Festival 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.

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 Red River Revel Arts Festival's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, 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, 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 Red River Revel'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 Red River Revel Arts Festival'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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented in accordance with Act 706 of the Louisiana Revised Statutes (LRS) 24:513(A)(3) on page 20 for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation,

Benefits, and Other Payments to Agency Head is fairly stated in all material respects in relation to the financial statements as a whole.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

June 10, 2022

Red River Revel Arts Festival Statement of Financial Position

<i>December 31,</i>	2021
Assets	
Current assets	
Cash and cash equivalents	\$ 423,595
Grants and contributions receivable	180,680
Other assets	3,240
Total current assets	607,515
Non-current assets	
Property and equipment - net	-
Beneficial interest in assets of foundation	270,716
Restricted cash - endowment	1,956
Total non-current assets	272,672
Total assets	\$ 880,187
Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 28,856
Accrued liabilities	14,650
Performance obligation liabilities	4,500
Total current liabilities	48,006
Total liabilities	48,006
Net assets	
Without donor restrictions	559,509
With donor restrictions	272,672
Total net assets	832,181
Total liabilities and net assets	\$ 880,187

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

Red River Revel Arts Festival Statement of Activities

<i>For the Year Ended December 31, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Public Support			
Revel			
Sponsor and underwriter contributions	\$ 197,100	\$ -	\$ 197,100
Individual and corporate contributions	11,230	26	11,256
Government and foundation grants	499,153	-	499,153
In-kind contributions and services	125,308	-	125,308
Farmers' Market			
Underwriters	8,550	-	8,550
In-kind contributions and services	37,649	-	37,649
BREW fundraiser			
Contribution and admissions	45,194	-	45,194
In-kind contributions and services	10,260	-	10,260
CORK fundraiser			
Contribution and admissions	118,668	-	118,668
In-kind contributions and services	16,886	-	16,886
Other in-kind contributions	66,295	-	66,295
Total public support	1,136,293	26	1,136,319
Operating revenue			
Revel			
Concessions	531,301	-	531,301
Admissions	95,408	-	95,408
Poster and souvenir sales	11,213	-	11,213
Booth fees	52,870	-	52,870
Other operating revenue	47,362	-	47,362
Farmers' Market fees	28,703	-	28,703
Total operating revenue	766,857	-	766,857
Other revenue			
Investment income (loss)	26	38,179	38,205
Total other revenue	26	38,179	38,205
Net assets released from restrictions	11,083	(11,083)	-
Total support and revenue	1,914,259	27,122	1,941,381
Expenses			
Program services			
Red River Revel Arts Festival	989,019	-	989,019
Farmers' Market	64,644	-	64,644
Total program services	1,053,663	-	1,053,663
Supporting services			
Management and general	209,136	-	209,136
Fundraising	111,232	-	111,232
Total supporting services	320,368	-	320,368
Total expenses	1,374,031	-	1,374,031
Change in net assets	540,228	27,122	567,350
Net assets, beginning of year	19,281	245,550	264,831
Net assets, end of year	\$ 559,509	\$ 272,672	\$ 832,181

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

**Red River Revel Arts Festival
Statement of Functional Expenses**

	Program Services		Supporting Services		Total
	Red River Arts Festival	Shreveport Farmers' Market	Management and General	Fundraising	
<i>For the Year Ended December 31, 2021</i>					
Salaries and benefits	\$ 55,892	\$ 12,700	\$ -	\$ 9,676	\$ 78,268
Contract labor	-	5,940	-	-	5,940
Site operations	309,951	46,004	-	-	355,955
Commissions and other operating expenses	405,918	-	-	-	405,918
Music and performing arts Programs	179,083 18,430	- -	- -	- -	179,083 18,430
Advertising and promotion	-	-	89,455	-	89,455
Insurance	19,745	-	990	-	20,735
Accounting and legal	-	-	5,613	-	5,613
Bank and credit card fees	-	-	10,320	-	10,320
Licenses and permits	-	-	1,173	-	1,173
Supplies	-	-	17,987	-	17,987
Telephone	-	-	4,700	-	4,700
Dues and subscriptions	-	-	1,322	-	1,322
Fundraising costs	-	-	-	101,556	101,556
Other administrative costs	-	-	77,576	-	77,576
Total expenses	\$ 989,019	\$ 64,644	\$ 209,136	\$ 111,232	\$ 1,374,031

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

Red River Revel Arts Festival Statement of Cash Flows

<i>For the Year Ended December 31,</i>	2021
<hr/>	
Cash flows from operating activities	
Change in net assets	\$ 567,350
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Change in assets and liabilities	
Decrease (increase) in	
Grants and contributions receivable	(178,115)
Other assets	4,948
Beneficial interest in assets of foundation	(27,097)
Increase (decrease) in	
Accounts payable	24,958
Performance obligation liabilities	(158,385)
Accrued liabilities	14,558
Net cash provided by operating activities	248,217
Net increase in cash and cash equivalents and restricted cash	248,217
Cash and cash equivalents and restricted cash - beginning of year	177,334
<hr/>	
Cash and cash equivalents and restricted cash - end of year	\$ 425,551
<hr/>	
Noncash investing transactions - beneficial interest in assets of foundation:	
Interest	\$ 6,541
Net realized and unrealized gains (losses)	22,807
Administrative fees	(2,251)
Total noncash investing transactions	\$ 27,097
<hr/>	

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

Red River Revel Arts Festival Notes to Financial Statements

NOTE 1: DESCRIPTION OF THE ORGANIZATION

The Red River Revel Arts Festival (the “Revel” or the “Organization”) is a not-for-profit corporation formed under the laws of the State of Louisiana. The Revel was established to promote awareness of the Arts to the general public. Support and sponsorships are provided each year for the Revel’s events in the form of in-kind services, various government and foundation grants, and corporate and individual contributions. The Revel is comprised of the following programs:

Red River Revel Arts Festival

This event was originated under the sponsorship of The Junior League of Shreveport-Bossier, Inc. (“The Junior League”). Each year since 1976, the festival has united people throughout the area to enjoy a celebration of visual and performing arts. The outdoor festival attracts thousands of people and is usually held in October. Numerous volunteers donate their time and efforts to help manage the festival’s activities. The Red River Revel Arts Festival celebrates the arts with more than 80 visual artists from across the country, performance stages that feature live music, and a large area dedicated specifically to providing arts education for children.

Shreveport Farmers’ Market

During the summer and fall seasons, a farmers’ market is held at the downtown Festival Plaza to unite local farmers, gardeners, and others within the community to enjoy locally grown fruits, vegetables, and plants; homemade breads and jams; and a variety of other locally produced foods. Live music is featured during the event.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Red River Revel Arts Festival Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Revel provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of individuals or other organizations to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Revel's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Beneficial Interest in Assets of Foundation

Transfers of funds to the Community Foundation of Shreveport-Bossier, specifying the Revel as the beneficiary, are accounted for as an asset, in accordance with generally accepted accounting principles.

Red River Revel Arts Festival Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

The Revel reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Revel, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets with donor restrictions.

Red River Revel Arts Festival Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program service income is accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Prior to the adoption of ASC 606, the Organization recognized revenue when persuasive evidence of an arrangement existed, delivery of products had occurred, the sales price was fixed or determinable and collectability was reasonably assured. Income from sponsorships and ticket sales for fundraisers received in advance are deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statement of financial position.

A significant portion of the Organization's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on estimated percentages of time spent in each functional area.

Red River Revel Arts Festival Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Revel uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended December 31, 2021, advertising costs totaled \$89,455.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. The Revel currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The Revel utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2021, the Revel has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 10, 2022, and determined that there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Accounting Guidance Not Yet Adopted

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to bring more transparency and consistency to the presentation and disclosure of gifts-in-kind (GIKs). While many not-for-profits (NFPs) already separately report GIKs and make some of the disclosures required by ASU 2020-07, the new standard will bring presentation and disclosure consistency across NFPs. The standard is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. The Revel is currently evaluating the impact of the guidance on its financial statements.

Red River Revel Arts Festival Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled Leases. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Revel is currently evaluating the impact of the guidance on its financial statements.

NOTE 3: CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Restricted cash on the statements of financial position includes restricted cash received but not yet spent from the Shuttered Venue Operating Grant described in Note 13 and restricted cash received with restrictions imposed by donors for endowments. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the totals of the same such amounts in the statements of cash flows.

<i>December 31,</i>	2021
Cash and cash equivalents	\$ 423,595
Restricted cash - endowment	1,956
Total	\$ 425,551

NOTE 4: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Revel is primarily supported by contributions and maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Revel's expenditures come due. The following reflects Revel's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions. Financial assets at year-end as noted in the schedule below exclude other assets.

<i>December 31,</i>	2021
Total assets at year end	\$ 880,187
Less non-financial assets	
Other assets	(3,240)
Financial assets at year-end	876,947
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(272,672)
Financial assets available to meet cash needs for general expenditures within one year	\$ 604,275

Red River Revel Arts Festival Notes to Financial Statements

NOTE 4: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)

The Revel's beneficial interest in assets of foundation consist of donor-restricted gifts to be held in perpetuity. Income from the beneficial interest in assets of foundation is subject to an implicit time restriction and is not available for general expenditure.

NOTE 5: GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contribution receivable consist of the following:

<i>December 31,</i>	2021
Grants	\$ 169,743
Fundraiser (BREW) sponsorship	5,000
Revel underwriters	2,000
Other	3,937
Total grants and contributions receivable	180,680
Less allowance for doubtful accounts	-
Grants and contributions receivable, net	\$ 180,680

NOTE 6: PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2021, is as follows:

	Estimated Useful Lives (in years)	2021
Structures	3-15	\$ 22,033
Trailers	10	4,923
Other equipment	3-7	51,227
		78,183
Less accumulated depreciation		(78,183)
Property and equipment, net		\$ -

There was no depreciation expense for the year ended December 31, 2021, as all property and equipment are fully depreciated.

Red River Revel Arts Festival Notes to Financial Statements

NOTE 7: NON-CASH DONATIONS

During the year ended December 31, 2021, the Revel received non-cash donations of materials, services, advertising and use of facilities that have been reflected as public support and in the natural expense classifications in the financial statements. The following is a summary of the activities or purpose of the in-kind contributions and services as of December 31, 2021:

<i>For the Year Ended December 31,</i>	2021
Red River Revel Arts Festival	\$ 125,308
Farmer's Market	37,649
BREW fundraiser	10,260
CORK fundraiser	16,886
Management and general - office space and parking	66,295
Total in-kind contributions and services	\$ 256,398

NOTE 8: FUNDRAISING ACTIVITIES

The Revel held two annual fundraising events during the year: CORK Wine Festival and BREW, an event shared with Downtown Shreveport Unlimited ("DSU") where each entity receives half of the net proceeds. Gross revenues from these events include sponsor contribution and admission fees. The following schedule shows the activity (excluding the value of gifts in-kind) for these events for the year ended December 31, 2021:

<i>For the Year Ended December 31,</i>	2021
CORK Wine Festival	
Gross revenue (excluding gifts-in-kind)	\$ 118,668
Less: Direct expenses	37,729
Net proceeds	\$ 80,939
BREW	
Gross revenue (excluding gifts-in-kind)	\$ 45,194
Less: Direct expenses (includes DSU share of profits)	36,682
Net proceeds	\$ 8,512

NOTE 9: BENEFICIAL INTEREST IN ASSETS OF FOUNDATION

The Revel established an endowment fund in late 1995, the income of which was restricted to reducing deficits or funding emergency needs of Revel operations. Contributions to the endowment fund began in 1996. In February 1996, the Revel transferred control of most of this endowment fund to the Community Foundation of North Louisiana (the "Community Foundation") but retained a portion of the fund on its books. Under the terms of the agreement with the Community Foundation, net investment income of the endowment fund may be accumulated, or paid to the Revel, as the two parties see fit; however, such income may not be accumulated indefinitely.

**Red River Revel Arts Festival
Notes to Financial Statements**

NOTE 9: BENEFICIAL INTEREST IN ASSETS OF FOUNDATION (Continued)

Prior to 1999, all net earnings of the fund had been accumulated. The Community Foundation has variance power over the transferred assets such that the governing board of the Community Foundation may, with 30 days' notice to the Revel, vary the purposes, uses, or methods of administration of the transferred assets.

Net investment income and/or capital appreciation of the endowment fund must be distributed to the Revel at least annually, provided the average market value is greater than the amount contributed to the fund.

Activity of this beneficial interest is summarized as follows:

Balance at December 31, 2020	\$243,619
Interest and dividends	6,541
Net realized and unrealized gains	31,638
Distributions to Revel	(8,832)
Administrative fees	(2,251)
Balance at December 31, 2021	\$270,716

NOTE 10: NET ASSETS

The following is a summary of net assets without donor restrictions:

<i>December 31,</i>	<i>2021</i>
Undesignated	\$ 402,966
Total net assets without donor restrictions	\$ 402,966

Net assets were released from donor restrictions during 2021 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors as follows:

<i>For the Year Ended December 31,</i>	<i>2021</i>
Purpose restrictions	
Distribution from beneficial interest in assets for grant	\$ 8,832
Community Foundation administrative fees	2,251
Total net assets released from donor restrictions	\$ 11,083

Red River Revel Arts Festival Notes to Financial Statements

NOTE 10: NET ASSETS (Continued)

Net assets with donor restrictions are restricted for the following purposes or periods:

<u>For the years ended December 31,</u>	<u>2021</u>
Subject to expenditure for a specific purpose:	
Beneficial interest in assets held at the Community Foundation	\$ 270,716
Endowment contributions	1,956
Total net assets with donor restrictions	\$ 272,672

NOTE 11: REVENUE

Topic 606 Revenue

The Revel recognizes revenue at a point in time for the Red River Arts Festival and the Famer's Market. At December 31, 2021, there were \$4,500 of performance obligations to be satisfied when certain events occurred. The obligations will be met and revenue will be recognized in 2022.

The Organization's remaining revenues from contributions, grants, contracts, fundraisers, and other sources are recognized in accordance with FASB ASC Topic 958, *Not-for-Profit Entities* (Topic 958).

Disaggregated Topic 606 Revenue

All of Topic 606 revenue earned was recognized at a point in time, consisting of program service fee revenue, Revel and Farmers' market underwriters, fundraising event tickets and sponsorships. A summary of disaggregated Topic 606 revenue information follows:

<u>For the years ended December 31,</u>	<u>2021</u>
Topic 606 revenue	
Recognized at a point of time - Revel and Farmers' Market	\$ 1,135,464
Recognized at a point of time - CORK and BREW	191,008
Total Topic 606 revenue	1,326,472
Grants and contributions (non-exchange)	576,704
Other revenue (non-exchange)	38,205
Total revenue	\$ 1,941,381

The Revel's customers are primarily the general public of North Louisiana and neighboring states.

Red River Revel Arts Festival Notes to Financial Statements

NOTE 11: REVENUE (Continued)

<i>December 31,</i>	2021
Revel underwriters receivable, beginning of year	\$ -
Revel underwriters receivable, end of year	\$ 7,000
Performance obligation liabilities, beginning of year	\$ 162,885
Performance obligation liabilities, end of year	\$ 4,500

The beginning of the year balance of performance obligation liabilities was \$162,885 because the COVID-19 pandemic occurred in 2020 and the Revel arts festival and fundraisers were not held. The Revel had received sponsorships and pre-purchased ticket sales for events that did not occur. These were recognized as performance obligation liabilities.

NOTE 12: CONCENTRATIONS OF CREDIT RISK

The Revel maintains cash with financial institutions in excess of the FDIC limit of \$250,000 by \$177,227 at December 31, 2021. The Revel believes it is not exposed to any significant credit risk on its cash balances.

NOTE 13: SHUTTERED VENUE OPERATORS GRANT (SVOG)

The Shuttered Venue Operators Grant (SVOG) program was established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. The program is administered by U.S. Small Business Administration's (SBA) Office of Disaster Assistance. SVOG provided emergency assistance for eligible performing arts businesses affected by COVID-19. The SVOG program's mission was to support the ongoing operations of eligible live venues and operators, live venue promoters, theatrical producers, talent representatives, live performing arts organization operators, museums, and motion picture theaters during the uncertain economic conditions caused by the COVID-19 pandemic.

The SBA awarded the Red River Revel Arts Festival a grant through the SVOG program. For the year ended December 31, 2021, the Revel recognized \$469,628 as grant revenue on the Statement of Activities. The first payment of \$313,085 was received in July 2021. The second payment of \$156,543 was received in 2022 and was included in grants receivable as of December 31, 2021. The Revel used the grant revenue to assist with the 2021 arts festival expenditures.

NOTE 14: CONTINGENCIES

The Revel receives grants that are subject to review and audit by the agency providing the funding. Such reviews and audits could result in certain expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.

Supplementary Information

Schedule of Compensation, Benefits, and Other Payments to Agency Head

Louisiana Revised Statute 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 of the Louisiana Legislature to clarify 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 from public funds.

For the year ended December 31, 2021, the Red River Revel Arts Festival is not required to report the total compensation, reimbursements, and benefits paid to Ms. Kay deBerardnis, the Operations Director, as none of those payments were made from public funds.



The Board of Directors
Red River Revel Arts Festival

In planning and performing our audit of the financial statements of the Red River Revel Arts Festival (“the Revel”) as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Revel’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 Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 Organization’s financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in the Revel’s internal control to be a material weakness. See #2021-001 in the following “Schedule of Findings and Responses.”

During our audit, we also became aware of the following deficiency in internal control other than significant deficiencies or material weaknesses, and other matters that is an opportunity for strengthening internal controls and operating efficiency. See #2021-002 in the following “Schedule of Findings and Responses.”

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

June 10, 2022

Schedule of Findings and Responses

Current Year Audit Findings and Responses

2021-001 Preparation of Financial Statements and Significant Proposed Adjustments

Criteria: The Revel is responsible for accumulating and providing accurate financial information.

Condition: As is common in small operations, management of the Revel has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare their annual financial statements. This condition is intentional by management based upon the Revel's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of the annual financial statements, complete with notes in accordance with Generally Accepted Accounting Principles have not been established. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

Effect: The financial statements required adjustments which were material to the financial statements.

Cause: The Revel does not have any accounting personnel and relies on a third-party bookkeeper to maintain the accounting records.

Recommendation: Because prudent management requires that the potential benefit from internal control must exceed its cost, it may not be practical to correct the condition reported. We do not believe that correcting the condition described above is cost effective or practical and, accordingly, do not believe that any corrective action is necessary.

Management's Response: We agree that correcting the finding described above is not cost effective or practical and, accordingly, do not believe that any corrective action is necessary.

2021-002 Wages and Payroll Taxes

Criteria: Bonuses are considered taxable income to an employee. Any bonuses paid should be reflected on tax forms submitted to the IRS. Furthermore, the organization should pay payroll taxes on the bonus.

Condition: We noted that a bonus was paid to an employee during 2021 and not reported to the IRS. Additionally, no payroll taxes were paid on the bonus.

Effect: The employee's income reported to the IRS was understated and payroll taxes were not paid on the bonus.

Cause: Management did not realize bonuses were considered taxable.

Schedule of Findings and Responses

Recommendation: CRI recommends amending the 2021 W-2 and submitting payroll taxes on the bonus. In the future, bonuses should be included on the W-2 and payroll taxes should be submitted.

Management's Response: We agree and in the future, any bonuses will be included on the W-2 and payroll taxes will be submitted.