

INDEPENDENCE BOWL FOUNDATION, INC.

(Audited Financial Statements and Related Notes)

SHREVEPORT, LOUISIANA

FEBRUARY 28, 2022 AND FEBRUARY 28, 2021

**MARSHA O. MILLICAN
A PROFESSIONAL ACCOUNTING CORPORATION
SHREVEPORT, LOUISIANA**

INDEPENDENCE BOWL FOUNDATION , INC.

Table of Contents

February 28, 2022 and February 28, 2021

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	7-17
SUPPLEMENTARY INFORMATION	
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head	18
OTHER REPORTS	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
SCHEDULE OF FINDINGS	21
SCHEDULE OF PRIOR YEAR FINDINGS	22
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS	
Independent Accountant's Report on Applying Statewide Agreed-upon Procedures	23-35



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Independence Bowl Foundation, Inc.
Shreveport, Louisiana

Opinion

I have audited the accompanying financial statements of Independence Bowl Foundation, Inc. (a non-profit organization), which comprise the statement of financial position as of February 28, 2022 and February 28, 2021 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Independence Bowl Foundation, Inc. as of February 28, 2022 and February 28, 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Independence Bowl Foundation, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Independence Bowl Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 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, I:

- 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 Independence Bowl Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Independence Bowl Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report dated July 19, 2022 on the results of my statewide agreed-upon procedures performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures and the results of that testing, and not to provide an opinion on control or compliance.



Certified Public Accountant
July 19, 2022

INDEPENDENCE BOWL FOUNDATION, INC.

Statement of Financial Position

February 28, 2022 and February 28, 2021

ASSETS	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 1,202,920	\$ 467,489
Certificates of deposit	46,011	45,897
Accounts receivable	332,939	75,017
Prepaid expenses	122,270	92,132
Total Current Assets	<u>1,704,140</u>	<u>680,535</u>
Fixed assets:		
Leasehold improvements/renovations	1,684,059	1,684,059
Less accumulated depreciation	<u>(1,178,842)</u>	<u>(1,010,436)</u>
Net fixed assets	505,217	673,623
Deposits	<u>7,015</u>	<u>7,015</u>
Total Assets	<u><u>\$2,216,372</u></u>	<u><u>\$ 1,361,173</u></u>
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities:		
Due to participating teams	\$ 600,000	\$ -
Accounts payable	123,239	48,430
Line of credit payable	-	688,446
Accrued interest payable	2,397	2,383
Payroll withholding payable	1,439	1,292
Deferred revenue	-	384,998
Current portion of long-term debt	426,128	732,085
Total Current Liabilities	<u>1,153,203</u>	<u>1,857,634</u>
Long-term liabilities:		
Notes payable, less current portion	<u>635,522</u>	-
Total long-term liabilities	635,522	-
Total liabilities	1,788,725	1,857,634
Unrestricted net assets:		
Unrestricted	<u>427,647</u>	<u>(496,461)</u>
Total unrestricted net assets	<u>427,647</u>	<u>(496,461)</u>
Total liabilities and unrestricted net assets	<u><u>\$2,216,372</u></u>	<u><u>\$ 1,361,173</u></u>

The accompanying notes are an integral part of these statements.

INDEPENDENCE BOWL FOUNDATION, INC.

Statements of Activities and Changes in Net Assets

For the Year Ended February 28, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Support:			
Contributions	\$ -	\$ 900,000	\$ 900,000
Grants - state and local governments	-	400,000	400,000
Total support	-	1,300,000	1,300,000
Revenues:			
Program Service Fees	1,148,755	-	1,148,755
Hotel Occupancy Tax	-	786,797	786,797
Memberships	-	44,300	44,300
PPP Loan Forgiveness	-	-	-
Miscellaneous	5,077	-	5,077
Total revenue	1,153,832	831,097	1,984,929
Total support and revenue	1,153,832	2,131,097	3,284,929
Net Assets Released from Restrictions:			
Satisfaction of Usage Restrictions	2,131,097	(2,131,097)	-
Total Support and Revenues	3,284,929	-	3,284,929
Expenses:			
Program Expenses	2,048,765	-	2,048,765
Management and General	312,056	-	312,056
Total Expenses	2,360,821	-	2,360,821
Change in Net Assets	924,108	-	924,108
Net assets, beginning of year	(496,461)	-	(496,461)
Net assets, end of year	\$ 427,647	\$ -	\$ 427,647

The accompanying notes are an integral part of this statement.

INDEPENDENCE BOWL FOUNDATION, INC.

Statement of Activities and Changes in Net Assets

For the Year Ended February 28, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue:			
Support:			
Contributions	\$ -	\$ 900,200	\$ 900,200
Grants - state and local governments	-	-	-
Total Support	<u>-</u>	<u>900,200</u>	<u>900,200</u>
Revenues:			
Program Service Fees	119,285	-	119,285
Hotel Occupancy Tax	-	498,312	498,312
Memberships	-	33,494	33,494
PPP Loan Forgiveness	134,177	-	134,177
Miscellaneous	874	-	874
Total Revenues	<u>254,336</u>	<u>531,806</u>	<u>786,142</u>
Total Support and Revenue	<u>254,336</u>	<u>1,432,006</u>	<u>1,686,342</u>
Net Assets Released from Restrictions:			
Satisfaction of Usage Restrictions	<u>1,432,006</u>	<u>(1,432,006)</u>	<u>-</u>
Total Support and Revenues	<u>1,686,342</u>	<u>-</u>	<u>1,686,342</u>
Expenses:			
Program Expenses	864,537	-	864,537
Management and General	324,246	-	324,246
Total Expenses	<u>1,188,783</u>	<u>-</u>	<u>1,188,783</u>
Change in Net Assets	497,559	-	497,559
Net assets, beginning of year	<u>(994,020)</u>	<u>-</u>	<u>(994,020)</u>
Net assets, end of year	<u>\$ (496,461)</u>	<u>\$ -</u>	<u>\$ (496,461)</u>

The accompanying notes are an integral part of this statement.

INDEPENDENCE BOWL FOUNDATION, INC.

Statement of Functional Expenses

For the Year Ended February 28, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Independence Bowl:			
Distributions to Teams	\$ 600,000	\$ -	\$ 600,000
Personnel	348,068	87,016	435,084
Occupancy	-	79,837	79,837
Professional Services	135,778	11,000	146,778
Printing	17,389	-	17,389
Travel	13,106	-	13,106
Bowl Related Expenses	389,002	-	389,002
Game Day Expense	188,191	-	188,191
Depreciation	168,406	-	168,406
Interest	-	54,706	54,706
Other	188,825	79,497	268,322
	<u>\$ 2,048,765</u>	<u>\$ 312,056</u>	<u>\$ 2,360,821</u>

The accompanying notes are an integral part of this statement.

INDEPENDENCE BOWL FOUNDATION, INC.

Statement of Functional Expenses

For the Year Ended February 28, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Independence Bowl:			
Distributions to Teams	\$ -	\$ -	\$ -
Personnel	345,554	86,389	431,943
Occupancy	-	88,661	88,661
Professional Services	142,885	11,000	153,885
Printing	14,803	-	14,803
Travel	3,207	-	3,207
Bowl Related Expenses	60,347	-	60,347
Game Day Expense	5,805	-	5,805
Depreciation	168,406	-	168,406
Interest	-	68,118	68,118
Other	123,530	70,078	193,608
	<u>\$ 864,537</u>	<u>\$ 324,246</u>	<u>\$ 1,188,783</u>

The accompanying notes are an integral part of this statement.

INDEPENDENCE BOWL FOUNDATION, INC.

Statement of Cash Flows

For the Year Ended February 28, 2022 and February 28, 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 924,108	\$ 497,559
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	168,406	168,406
Bad debt expense	-	-
Prior period adjustment	-	-
<i>(Increase)decrease in assets:</i>		
Accounts receivable	(257,922)	604,153
Prepaid expenses	(30,138)	(45,370)
<i>Increase (decrease) in liabilities:</i>		
Due to participating teams	600,000	(1,298,538)
Accounts payable	74,809	(162,885)
Accrued expenses	96	(177)
Unearned revenue	(384,998)	384,998
Total adjustments	170,253	(349,413)
Net cash provided (used) by operating activities	1,094,361	148,146
Cash flows from investing activities:		
Purchases of fixed assets	-	-
Reinvestment of interest on certificates of deposit	(114)	(53)
Net cash provided (used) by investing activities	(114)	(53)
Cash flows from financing activities:		
Proceeds from debt	614,035	-
Principal payments on line of credit	(189,228)	-
Payment of principal on long-term debt	(783,623)	(174,591)
Net cash provided (used) by financing activities	(358,816)	(174,591)
Net increase (decrease) in cash and cash equivalents	735,431	(26,498)
Cash and cash equivalents - beginning of year:	467,489	493,987
Cash and cash equivalents - end of year	1,202,920	467,489
Supplementary cash flow information:		
Cash paid during the year for interest	\$ 54,720	\$ 68,402

The accompanying notes are an integral part of this statement.

INDEPENDENCE BOWL FOUNDATION, INC.

Notes to Financial Statements

February 28, 2022 and February 28, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. General:

The Independence Bowl Foundation, Inc. (the "Foundation") is a tax-exempt and non-profit organization established for the purpose of advertising and promoting amateur sports and sports related events in the Shreveport-Bossier area. The Foundation consists of a full-time staff and committee members that carry out all of the activities related to the Foundation's function. The Foundation is also the sponsoring organization for the Independence Bowl post-season football game, which is promoted and served through the Foundation's staff and volunteer membership. The Independence Bowl Foundation, Inc., is organized as a nonprofit organization exempt from federal income taxation under Code Section 501 (c) (3) of the Internal Revenue Code.

B. Basis of Accounting:

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

C. Basis of Presentation:

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

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

Net assets with donor restrictions: These assets are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, 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, these net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

D. Measure of Operations:

The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Foundation's ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

E. Cash and Cash Equivalents:

For the purpose of cash flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. At February 28, 2022 the carrying amount of the Foundation's deposits were \$1,248,931 while the bank balances were \$1,265,264. Deposits of \$796,011 were secured by FDIC insurance; deposits of \$469,253 were unsecured and subject to risk. At February 28, 2021, deposits of \$56,571 were unsecured.

F. Property and Equipment:

Purchased property and equipment are stated at cost. Donated property and equipment are stated at their fair market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from five to ten years.

G. Contributions:

All contributions received are considered available for use unless the donor specifies a restriction. Amounts received that are restricted by the donor for specific purposes are reported as donor restricted support that increases net assets with donor restrictions.. When a donor restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

H. Estimates:

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

I. Functional expenses:

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Distributions to teams	Full Time Equivalent
Personnel	Time and Effort
Occupancy	Time and Effort
Professional Services	Time and Effort
Printing	Time and Effort
Travel	Time and Effort
Bowl Related Expenses	Full Time Equivalent
Game Day Expense	Full Time Equivalent
Depreciation	Full Time Equivalent
Interest	Full Time Equivalent
Other	Full Time Equivalent

J. Deferred Revenue:

Deferred Revenue represents funds received by the Foundation for the 2020 Independence Bowl that donors have "rolled over" to the 2021 Independence Bowl due to the fact that the 2020 Independence Bowl was cancelled due to the COVID-19 pandemic.

K. Advertising Costs:

Advertising costs are expenses as incurred and are included in program expenses on the statement of activities. Advertising expenses amount to \$157,370 for the year ended February 28, 2022 and \$95,059 for the year ended February 28, 2021.

L. Donated Materials and Services:

Donated Materials and equipment are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. No amounts have been reflected in the statements for donated services, inasmuch as no objective basis is available to measure the value of such services; and the donated services do not create a nonfinancial asset.

2. AVAILABILITY AND LIQUIDITY

The following represents the Foundation's financial assets at February 28, 2022 and February 28, 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash and equivalents	<u>\$1,248,931</u>	<u>\$ 513,386</u>
Total financial assets	\$1,248,931	\$ 513,386
Less amounts not available to be used within one year:		
Net assets with donor restrictions	-	-
Less net assets with purpose restriction to be met in less than a year	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$1,248,931</u></u>	<u><u>\$ 513,386</u></u>

The Foundation's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in interest-bearing accounts.

3. Certificates of Deposit

Certificates of deposits at February 28, 2022 and February 28, 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Regions Bank	\$ 22,842	\$ 22,840
JP Morgan Chase Bank	11,119	11,117
Origin Bank	12,050	11,940
Total Certificates of Deposit	<u>\$ 46,011</u>	<u>\$ 45,897</u>

4. Accounts Receivable

Accounts receivable at February 28, 2022 and February 28, 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Corporate sponsors/advertisers	\$238,688	\$ 13,275
Accrued hotel occupancy tax	94,251	61,742
Total receivables	332,939	75,017
Less: allowance for doubtful accounts	-	-
Accounts receivable, net	<u>\$332,939</u>	<u>\$ 75,017</u>

5. Cooperative Endeavor Agreement

As of August 14, 2018, the Foundation executed a cooperative endeavor agreement with the City of Shreveport, Louisiana outlining the scope of services and responsibilities of each party. The main focus of this agreement is the production of the Independence Bowl, along with any activities and events associated with the game. The term of this agreement is from inception and terminates December 31, 2022. The agreement provides the Foundation will be paid the sum of \$140,000 per year for the activities described above, and receives use of public facilities of the City of Shreveport, (including Independence Stadium) at no charge. As the fair market value of the contribution from the City of Shreveport cannot be determined, no income or related expense associated with this cooperative endeavor agreement is recorded in the records of the Foundation. In the event the Foundation fails to produce a game in any year of the contract, the funds will be returned to the City of Shreveport. The Foundation is allowed, under the agreement, to improve the stadium's facilities, and subsequent to the repayment of all debt associated with the renovations, the improvements become the property of the City of Shreveport.

6. FIXED ASSETS:

Fixed assets at February 28, 2022 and February 28, 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Scoreboard	\$ 1,684,059	1,684,059
Less Accumulated Depreciation	<u>(1,178,842)</u>	<u>(1,010,436)</u>
Net Fixed Assets	<u>\$ 505,217</u>	<u>\$ 673,623</u>

7. NET ASSETS

Net assets with donor restrictions were as follows for the year ended February 28, 2022 and February 28, 2021.

	<u>2022</u>	<u>2021</u>
Specific Purpose	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>

Net assets without donor restriction for the year ended February 28, 2022 and February 28, 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 427,647	\$ (496,461)
Total	<u>\$ 427,647</u>	<u>\$ (496,461)</u>

Net assets released from net assets with donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions		
Independence Bowl and Related Events	\$ 2,131,097	\$ 1,432,006
Total	<u>\$ 2,131,097</u>	<u>\$ 1,432,006</u>

8. Title Sponsorship

On March 5, 2020, the Foundation entered into an "Entitlement Sponsorship Agreement" with Radiance Technologies whereby Radiance Technologies's Enterprises obtained the title sponsorship rights to the Independence Bowl, and the Foundation received certain financial commitments as more fully described in the agreement. The agreement terms include the 2021-2025 presentations of the Independence Bowl, and are deemed to commence on the date of the agreement.

9. Participating Team Distribution Agreements

On March 13, 2020, a national emergency relating to the COVID-19 virus was declared. The impact of the pandemic on operations of the Independence Bowl Foundation, Inc. resulted in the cancellation of the 2020 Independence Bowl game.

For the year ended February 28, 2022, the Foundation's agreement with Brigham Young University and Conference USA required the Foundation to pay BYU \$400,000, and the participant from Conference USA \$200,000. As part of the agreements, the BYU received \$300,000 tickets and retained all revenues generated from the ticket sales. Conference USA received tickets valued at a total of \$279,400 and retained all revenues from the ticket sales.

The following is a recap of the distributions and payables to the participating teams:

2021 Independence Bowl:

	<u>Brigham Young University</u>	<u>Conference USA</u>	<u>Totals</u>
Calculated gross team payout	\$ 400,000	\$ 200,000	\$ 600,000
Less: Value of game tickets allocated to and retained by participating institutions and other items	-	-	-
Balance due participating teams	<u>\$ 400,000</u>	<u>\$ 200,000</u>	<u>\$ 600,000</u>

10. Related Party Transactions

Members of the Foundation are involved through ownership/association with companies supplying goods and services to the Foundation. In such instances where these related parties conduct business with the Foundation, due care is taken to assure that the goods and/or services are bid for or purchased from these related parties at normal competitive prices/rates. The amounts of such transactions are considered immaterial to the financial statements taken as a whole.

11. Line of Credit Payable

The Bowl has a line of credit at a bank bearing variable interest based on the prime rate in the Wall Street Journal for the year ended February 28, 2021. No principal payments were made for the year ended February 28, 2021. The balance of the line of credit at February 28, 2021 was \$688,446. The line of credit was converted to a note payable with principal payments of \$20,972 beginning May 8, 2021.

12. Long-Term Debt

Long-term debt consists of the following at February 28, 2022 and February 28, 2021:

	<u>2022</u>	<u>2021</u>
Term note payable to Chase Bank, dated June 22, 2016 with initial principal due of \$1,445,126, bearing interest at a fixed rate of 4.667% per annum, due in sixty four (64) monthly installments of \$17,811 beginning July 19, 2016; maturing November 19, 2021 and the final payment of the entire unpaid principal balance and accrued interest, collateralized by accounts receivable, and all other corporate assets.	\$ -	\$ 735,082
Term note payable to b1Bank, dated April 30, 2020, interest only beginning May 8, 2020, due in 35 payments of \$20,972, maturing on March 30, 2024, collateralized by hotel occupancy tax.	\$ 499,153	
Term note payable to b1Bank, dated November 29, 2021 due in 36 payments of \$18,143, bearing interest at 4%, maturing on November 19, 2024, collateralized by accounts receivable, and all other corporate assets.	<u>562,497</u>	<u>-</u>
Subtotal	1,061,650	
Less: Current maturities	<u>(426,128)</u>	<u>(735,082)</u>
Total long-term debt	<u>\$ 635,522</u>	<u>\$ -</u>

Future minimum principal payments due on the renewed long-term debt are as follows:

	Principal	Interest	Total
2023	\$ 426,128	\$ 42,814	\$ 468,942
2024	604,231	20,801	625,032
2025	31,291	312	373,707
Total	<u>\$1,061,650</u>	<u>\$ 63,927</u>	<u>\$1,467,681</u>

13. Retirement Plan

The Foundation adopted a "Savings Incentive Match Plan for Employees of Small Employers" (SIMPLE IRA) retirement plan on April 15, 2001 (effective April 15, 2001) covering all full time employees. Employees may elect to contribute to the plan through salary deferrals up to the maximum of \$10,000 per year or the amount as allowed by law. Hardship withdrawals and loans to participants are not allowed under the current Plan provisions. The Foundation elects to contribute to the plan a matching contribution equal to the employees' salary reduction contributions up to a limit of 3% of the employees' total compensation for the year. The Foundation made employer contributions of \$8,875 and \$8,337 in 2022 and 2021, respectively.

14. Disclosures about Fair Value of Assets and Liabilities

Effective January 1, 2008, the Foundation adopted **FASB ASC 820**, "Fair Value Measurements and Disclosures". **FASB ASC 820** defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Fair value measurements are used to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with **FASB ASC 820**, "Fair Value Measurement and Disclosures", the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

The fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgement. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

13. **Disclosures about Fair Value of Assets and Liabilities (continued)**

Fair Value Hierarchy. In accordance with this guidance, financial assets and financial liabilities, generally measured at fair value, are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 - Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on 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 for substantially the term of the asset or liability.

Level 3 - Valuation is based on unobservable inputs that are supported by little or no market and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgement or estimation.

The following is a description of the valuation methodologies used for assets and liabilities at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as general classification of such assets and liabilities pursuant to the valuation hierarchy. Fair values estimated by using pricing models, which are based on transactions of similar terms. Derivative instruments are classified within Level 2 of the valuation hierarchy.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the **FASB ASC 820** fair value hierarchy in which the fair value measurements fall at February 28, 2022 and February 28, 2021:

	2022 Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
Certificates of deposit	<u>\$46,011</u>	<u>\$ -</u>	<u>\$ 46,011</u>	<u>\$ -</u>

13. **Disclosures about Fair Value of Assets and Liabilities (continued)**

	2021 Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Observable Inputs (Level 3)
Certificates of deposit	\$ 45,897	\$ -	\$ 45,897	\$ -

The following methods and assumptions were used to estimate the fair value of all other financial instruments recognized in the accompanying balance sheets at amounts other than fair value.

Cash, Accounts Receivable, Prepaid Expenses, Accounts Payable, Accrued Expenses

The carrying amount approximates fair value.

Due to Participating Teams

The carrying amount approximates fair value due primarily to their short-term nature.

The estimated fair values of the Foundation's financial instruments as of February 28, 2021 and February 28, 2021 were as follows:

	2022		2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash	\$ 1,202,920	\$ 1,202,920	\$ 467,489	\$ 467,489
Certificates of Deposit	46,011	46,011	45,897	45,897
Accounts receivable	332,939	332,939	75,017	75,017
Prepaid expenses	122,270	122,270	92,132	92,132
Financial liabilities:				
Accounts payable	123,239	123,239	48,430	48,430
Accrued expenses	3,836	3,836	3,675	3,675
Due to participating teams	600,000	600,000	-	-
Deferred revenue	-	-	384,998	384,998
Line of credit payable	499,153	499,153	688,446	688,446
Notes payable	562,497	562,497	732,085	732,085

14. **Operating Lease Commitments**

The Foundation has entered into the fifth (5th) amendment (dated August 8, 2019) to its original lease agreement (dated May 22, 2003) for the lease of its office space located in Shreveport, Louisiana. The lease term is extended for five (5) years beginning September 1, 2019 and ending August 31, 2024. The lease agreement calls for a base rent varying from \$4,250 to \$4,424 per month. Included in the

14. Operating Lease Commitments (continued)

lease rate are seven (7) parking spaces in the building's parking garage. The Foundation maintains a one-time right to terminate the lease if it loses its title sponsor, television sponsor, or state funding; the landlord may terminate the lease with one hundred twenty (120) day notice to the Foundation. Total lease/rental expense was \$51,000 and \$51,627 for the years ended February 28, 2022 and February 28, 2021, respectively.

The following is a schedule of future minimum payments required under the lease agreement as of February 28, 2022:

2023	\$ 52,099
2024	<u>53,082</u>
Total	<u>\$105,181</u>

15. Major Contributor

One contributor accounted for one hundred (100)% percent of total contributions.

16. Subsequent Events

Management has evaluated subsequent events through July 19, 2022, the date the financial statements were available to be delivered and determined no additional disclosures were warranted.

INDEPENDENCE BOWL FOUNDATION, INC.

Schedule of Compensation, Reimbursements, Benefits, and Other Payments

For the Years Ended February 28, 2022 and February 28, 2021

Louisiana Revised Statute 24:513(A)(3) required 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 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 or chief executive officer from public funds.

Independence Bowl Foundation, Inc. is not required to report the total compensation, reimbursements, and benefits paid to Missy Setters, the Executive Director, as none of those payments were made from public funds.



Marsha O. Millican

A PROFESSIONAL ACCOUNTING CORPORATION

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

Board of Directors
Independence Bowl Foundation, Inc.
Shreveport, Louisiana

I 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 Independence Bowl Foundation, Inc. which comprise the statement of financial position as of February 28, 2022 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and related notes to the financial statements, and have issued my report thereon dated July 19, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Independence Bowl Foundation, Inc.'s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, I do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected 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.

My 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that may not have been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Independence Bowl Foundation, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

810 WILKINSON
SHREVEPORT, LA 71104-3036
(318) 221-3881
FAX: (318) 221-4641

provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statutes, it is issued by the Legislative Auditor as a public document.



Certified Public Accountant

July 19, 2022

INDEPENDENCE BOWL FOUNDATION, INC.

Schedule of Findings

For the Year Ended February 28, 2022

Summary of Audit Results:

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No material weaknesses relating to the audit of the basic financial statements are reported.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.

There were no findings for the year ended February 28, 2022.

INDEPENDENCE BOWL FOUNDATION, INC.

Schedule of Prior Year Findings

For the Year Ended February 28, 2021

Finding #2021-1: The Foundation is not in compliance with the terms of the loan from Chase Bank.

Status: No longer applicable.



Marsha O. Millican
A PROFESSIONAL ACCOUNTING CORPORATION

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

To the Board of Directors
Independence Bowl Foundation, Inc.
Shreveport, Louisiana

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPS) for the fiscal period March 1, 2021 through February 28, 2022. Management of Independence Bowl Foundation, Inc. (the Foundation) is responsible for those C/C areas identified in the SAUPS.

The Board of Directors of the Foundation has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPS for the fiscal period March 1, 2021 through February 28, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

The entity has written policies and procedures that adequately address this function.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

The entity has written policies and procedures that adequately address this function.

- c) *Disbursements*, including processing, reviewing, and approving.

The entity has written policies and procedures that adequately address this function.

- d) *Receipts/Collections*, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The entity has written policies and procedures that adequately address this function.

- e) *Payroll/Personnel*, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

The entity has written policies and procedures that adequately address this function.

- f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The entity has written policies and procedures that adequately address this function.

- g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

The entity has written policies and procedures that adequately address this function.

- h) *Travel and expense reimbursements*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

The entity has written policies and procedures that adequately address this function.

- i) *Ethics*, including (1) the prohibition as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

The entity has written policies and procedures that adequately address this function.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The entity has written policies and procedures that adequately address this function.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from a network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The entity has written policies and procedures that adequately address this function.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The entity has written policies and procedures that adequately address this function.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions were noted as a result of this procedure.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to the public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions were noted as a result of this procedure.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund

balance in the general fund.

No exceptions were noted as a result of this procedure.

Bank Reconciliations

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

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

No exceptions were noted as a result of this procedure.

b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exceptions were noted as a result of this procedure.

c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exceptions were noted as a result of this procedure.

Collections (excluding electronic funds transfers)

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

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

a) Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions were noted as a result of this procedure.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

No exceptions were noted as a result of this procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exceptions were noted as a result of this procedure.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

No exceptions were noted as a result of this procedure.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exceptions were noted as a result of this procedure.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exceptions were noted as a result of this procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions were noted as a result of this procedure.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exceptions were noted as a result of this procedure.

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

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

All payments are processed through off-site CPA.

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exceptions were noted as a result of this procedure.

- b) At least two employees are involved in processing and approving payments to vendors.

No exceptions were noted as a result of this procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

No exceptions were noted as a result of this procedure.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

No exceptions were noted as a result of this procedure.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

A list of all credit, debit, fuel and other cards was obtained with management's assertion that the list is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select on monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was received and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions were noted as a result of this procedure.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions were noted as a result of this procedure.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions

subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioners should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

No exceptions were noted as a result of this procedure.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exceptions were noted as a result of this procedure.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exceptions were noted as a result of this procedure.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exceptions were noted as a result of this procedure.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted as a result of this procedure.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts

(or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions were noted as a result of this procedure.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

No exceptions were noted as a result of this procedure.

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment was approval documented).

No exceptions were noted as a result of this procedure.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted as a result of this procedure.

Payroll and Personnel

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

No exceptions were noted as a result of this procedure.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). [Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.

No exceptions were noted as a result of this procedure.

- b) Observe that supervisors approved the attendance and leave of the selected employees of officials.

No exceptions were noted as a result of this procedure.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's accumulative leave records.

No exceptions were noted as a result of this procedure.

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

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

No exceptions were noted as a result of this procedure.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed on hour of ethics training during the fiscal period.

Employees did not complete ethics training

Management's Response: We will complete ethics training in the future.

- b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions were noted as a result of this procedure.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

No exceptions were noted as a result of this procedure.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions were noted as a result of this procedure.

Fraud Notice

23. Obtain a listing of misappropriation of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and to the district attorney of the parish in which the entity is domiciled.

No exceptions were noted as a result of this procedure.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions were noted as a result of this procedure.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report, "I performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and

observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

I performed the procedures and discussed the results with management.

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

I performed the procedures and discussed the results with management.

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

I performed the procedures and discussed the results with management.

Sexual Harassment

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

Employees/officials did not have sexual harassment training

Management's Response: We will assure that employees/officials complete sexual harassment training in the future.

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

No exceptions were noted as a result of this procedure.

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

The entity did not file annual sexual harassment report.

Management's Response: We will file annual sexual harassment report in the future.

- a) Number and percentage of public servants in the agency who have completed the training requirements.;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

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

I am required to be independent of the Foundation and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

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



Certified Public Accountant
July 19, 2022