

**The Strand Theatre
of Shreveport Corporation**

Financial Statements
Years Ended May 31, 2022 and 2021

The Strand Theatre of Shreveport Corporation

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Independent Auditor's Report

The Board of Directors
The Strand Theatre of Shreveport Corporation
Shreveport, Louisiana

Opinion

I have audited the accompanying financial statements of The Strand Theatre of Shreveport Corporation (a nonprofit organization) which comprise the Statements of Financial Position for the years ended May 31, 2022 and 2021, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and summary of significant accounting policies and the related notes to financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Strand Theatre of Shreveport Corporation as of May 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits 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 The Strand Theatre of Shreveport Corporation and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Strand Theatre of Shreveport Corporation'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 The Strand Theatre of Shreveport Corporation'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 The Strand Theatre of Shreveport Corporation'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 Supplementary Information

My audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to agency head is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Compensation, Benefits and Other Payments to Agency Head is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 29, 2022 on my consideration of The Strand Theatre Corporation of Shreveport's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "James Demchelland, CPA LLC". The signature is written in a cursive style.

Certified Public Accountant

Shreveport, Louisiana
November 29, 2022

**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***

The Board of Directors
The Strand Theatre of Shreveport Corporation
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 of America, the financial statements of The Strand Theatre Shreveport Corporation (“The Organization”) as of and for the year ended May 31, 2022, and the related summary of accounting policies and notes to financial statements and have issued my report thereon dated November 29, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered The Organization’s internal control over financial reporting (internal control) 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 Organization’s internal control. Accordingly, I do not express an opinion on the effectiveness of The Organization’s internal control.

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

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

Compliance

As part of obtaining reasonable assurance about whether The Organization's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountant

Shreveport, Louisiana
November 29, 2022

The Strand Theatre of Shreveport Corporation

Statements of Financial Position

May 31,	2022	2021
Assets		
Current assets:		
Cash, unrestricted (Notes 1 and 17)	\$1,376,755	\$ 633,625
Inventory	4,893	4,893
Prepaid expenses	13,006	22,482
Total current assets	1,394,654	661,000
Finance lease right of use asset (Note 5)	1,327	2,775
Property and equipment (Notes 2 and 13)	2,974,422	3,073,254
Work of art (Note 12)	106,400	106,400
Strand Building Fund (Note 11)	250,654	263,413
	\$4,727,457	\$4,106,842
Liabilities and Net Assets		
Current liabilities:		
Lease liability, current portion (Note 5)	\$ 1,327	\$ 1,679
Accounts payable	11,146	23,010
Accrued expenses	42,794	15,816
Refundable advances (Note 15)	11,400	131,942
Contract liabilities (Note 14)	287,778	130,273
Total current liabilities	354,445	302,720
Long-term debt	150,000	150,000
Finance lease liability (Note 5)	-	1,096
Total long-term liabilities	150,000	151,096
Total liabilities	504,445	453,816
Net assets:		
Without donor restrictions	3,422,358	2,839,613
With donor restrictions (Note 9)	800,654	813,413
Total net assets	4,223,012	3,653,026
	\$4,727,457	\$4,106,842

See accompanying summary of accounting policies and notes to financial statements.

The Strand Theatre of Shreveport Corporation

Statements of Activities

<i>Years Ended May 31,</i>	2022	2021
Changes in net assets without donor restrictions:		
Support and revenues:		
Governmental grants (Notes 15 and 17)	\$719,246	\$ 78,200
Theatre rental and other income	370,329	40,420
Ticket sales	321,399	-
Fundraising and contributions	274,578	327,648
Business sponsorships	111,850	-
Other grant income	54,560	75,218
Program advertising	3,012	275
Net assets released from restriction	-	110,000
Total support and revenues	1,854,974	631,761
Expenses:		
Theatrical program	913,477	443,596
Management and general	272,812	111,435
Fundraising	85,939	48,773
Total expenses	1,272,228	603,804
Increase (decrease) in net assets without donor restrictions	582,746	27,957
Change in net assets with donor restrictions		
Contributions restricted to capital improvement	-	10,000
Net earnings (loss) on Strand Building Fund (Note 11)	(12,760)	50,506
Net assets released from restriction	-	(110,000)
Increase (decrease) in net assets with donor restrictions	(12,760)	(49,494)
Increase (decrease) in net assets	569,986	(21,537)
Net assets – beginning of year	3,653,026	3,674,563
Net assets – end of year	\$4,223,012	\$3,653,026

See accompanying summary of accounting policies and notes to financial statements.

Year Ended May 31,

2022

	Program Activity	Supporting Activities		Total
	Theatrical Program	Management and General Program	Fundraising Program	
Advertising	\$ 51,008	\$ -	\$ -	\$ 51,008
Artist fees	205,639	-	-	205,639
Box office	29,607	-	-	29,607
Conference and travel	-	4,727	-	4,727
Credit card fees	38,412	-	-	38,412
Depreciation and amortization	218,739	-	-	218,739
Dues and subscriptions	-	734	-	734
Insurance	37,819	-	-	37,819
Interest	-	3,581	-	3,581
Janitorial expense	4,472	3,940	-	8,412
Miscellaneous	-	6,931	-	6,931
Occupancy expense	75,375	-	-	75,375
Office supplies and equipment	-	9,502	-	9,502
Payroll taxes and benefits	30,597	34,678	17,936	83,211
Postage	-	2,890	-	2,890
Printing	6,538	-	2,208	8,746
Production costs	26,623	-	-	26,623
Professional fees	-	43,458	-	43,458
Salaries and wages	110,248	154,758	65,795	330,801
Security	7,812	-	-	7,812
Stage labor	69,360	-	-	69,360
Telephone	-	7,613	-	7,613
Theatre supplies	1,228	-	-	1,228
Total expenses	\$913,477	\$272,812	\$85,939	\$1,272,228

The Strand Theatre of Shreveport Corporation

Statements of Functional Expenses

Year Ended May 31,

2021

	Program Activity	Supporting Activities		
	Theatrical Program	Management and General Program	Fundraising Program	Total
	\$ 432	\$ -	\$ -	\$ 432
	4,625	-	-	4,625
	1,917	-	-	1,917
	-	119	-	119
	1,692	-	-	1,692
	206,242	-	-	206,242
	-	261	-	261
	43,154	-	-	43,154
	-	4,177	-	4,177
	601	-	-	601
	-	3,353	-	3,353
	54,095	-	-	54,095
	-	13,385	-	13,385
	27,570	21,884	7,498	56,952
	-	3,229	-	3,229
	-	-	635	635
	4,013	-	-	4,013
	-	9,531	-	9,531
	93,690	48,160	40,640	182,490
	-	-	-	-
	1,751	-	-	1,751
	-	7,336	-	7,336
	3,814	-	-	3,814
Total expenses	\$443,596	\$111,435	\$48,773	\$603,804

See accompanying summary of accounting policies and notes to financial statements

The Strand Theatre of Shreveport Corporation

Statements of Cash Flows

<i>Years Ended May 31,</i>	2022	2021
Cash Flows from Operating Activities:		
Decrease in net assets	\$ 569,986	\$ (21,537)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Contributions and investment (earnings) loss restricted for long-term purposes	12,759	(50,506)
Depreciation expense	218,739	206,242
Amortization of right of use asset	1,448	1,448
Gain on forgiveness of debt	(70,442)	(70,200)
Change in operating assets and liabilities:		
Prepaid expenses	9,476	(463)
Accounts payable	(11,864)	16,065
Accrued expenses	26,978	3,171
Deferred revenue	107,405	54,365
Net cash provided by operating activities	864,485	138,585
Cash Flows from Investing Activities:		
Expenditures for property and equipment	(119,907)	(27,495)
Proceeds from redemption investment	-	103,035
Net cash provided by (used in) investment activities	(119,907)	75,540
Cash Flows from Financing Activities:		
Payments on lease liability	(1,448)	(1,448)
Proceeds from the issuance of debt	-	220,442
Net cash provided by (used in) financing activities	(1,448)	218,994
Net increase (decrease) in cash and restricted cash	743,130	433,119
Cash and restricted cash, at beginning of year	633,625	200,506
Cash at end of year	\$1,376,755	\$ 633,625

See accompanying summary of accounting policies and notes to financial statements.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies

Summary of Accounting Policies

This summary of accounting policies of The Strand Theatre of Shreveport Corporation (the “Strand”) is presented to assist in understanding the Strand’s financial statements. The financial statements and notes are representations of the Strand’s management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

Nature of Business

The Strand Theatre of Shreveport Corporation is a nonprofit corporation organized under the laws of the State of Louisiana. The Strand was incorporated September 17, 1976 and operates primarily to provide live entertainment attractions for Shreveport and the surrounding community and to promote the performing arts.

Substantially all of the Strand’s revenue is from the sale of admissions to Strand sponsored events, fundraising and sponsorships, theatre rentals, and grant income.

Method of Accounting

The Strand uses the accrual basis of accounting. Net assets without donor restrictions, liabilities, revenue and expenses are those items acquired or incurred through the Strand’s normal fund-raising efforts and production activities. Net assets with donor restrictions, liabilities, revenue, and expenses include those items acquired or received through the Strand’s normal fund-raising efforts as well as those items received or incurred pursuant to grants from various agencies, the use of which is governed by restrictions placed thereon by the donors. Net assets with donor restrictions may be used only for the purposes for which the donor or grantor contributed such funds.

Financial Statement Presentation

The Strand has adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The Strand is required to report information regarding its financial position and activities according to two classes of net assets: assets with donor restrictions and assets without donor restrictions. As permitted by the statement, the Strand does not use fund accounting.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Financial Statement Presentation - Continued

Net Assets

Assets without donor restrictions – The part of net assets that are not restricted by donor/grantor-imposed stipulations.

Assets with donor restrictions – The part of net assets that are restricted by donor/grantor-imposed stipulations.

Certain prior year presentations have been changed to conform with current year presentations.

Revenue from Unconditional Contributions

The Strand reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted support on which the restriction expires in the same year received are reported net assets without donor restrictions.

Revenue from Conditional Contributions, Grants, and Non-exchange Contracts

The has Strand adopted ASU 2018-08 – “Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.” The ASU provides guidance on identifying conditions that would preclude the recognition of a contribution as revenue or effect the timing thereof. A condition represents a criterion the Strand must achieve before becoming entitled to the transferred asset.

Cash and other assets received as conditional contributions, grants, and non-exchange contracts are accounted for as refundable advances on the statement of financial position until the condition has been substantially met or explicitly waived by the donor. Revenue is recognized on the date the condition was met as either an increase in net assets without donor restrictions or as an increase in net assets with donor restrictions if a time or purpose restrictions exist beyond the initial condition.

Revenue from Contracts with Customers

The Strand has adopted ASU 2014-09 – “Revenue from Contracts with Customers (Topic 606)” as amended. Under the ASU, entities are required to identify and segment contracts into performance obligations and to account for certain contract costs and revenues as contract assets or contract liabilities.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Performance Obligations

Strand Production Ticket Sales – Revenue from ticket sales to Strand production events is recognized at a point in time directly associated with the performance date in an amount that reflects the consideration the Strand expects to be entitled to in exchange for those sales.

Ticket Processing Fees – Revenue from ticket handling and convenience fees charged at the time of ticket sales is recognized at a point in time directly associated with the performance date in an amount that reflects the consideration the Strand expects to be entitled to in exchange for those sales.

Theatre Rental – Revenue from ticket sales and other facility rental charges for outside production events is recognized at a point in time directly associated with the event in an amount that reflects the consideration the Strand expects to be entitled to in exchange for the services provided.

Sponsorships – Revenue from show season sponsorships may contain elements of both an exchange transaction and a conditional contribution. To the extent the sponsorship contains an exchange transaction, revenue is recognized over time throughout the show season in an amount the Strand expects to be entitled to in exchange for the goods and services provided.

Program Ad Sales – Revenue from program ad sales is recognized over time throughout the show season in an amount the Strand expects to be entitled to in exchange for the goods and services provided.

Concessions and Merchandise Sales – Revenue from concessions and merchandise sales is recognized at a point in time when control of the goods transfers to the customer in an amount that reflects the consideration the Strand expects to be entitled to in exchange for the goods. Typically, control is deemed to transfer at the date customer accepts the goods.

Sales Taxes

The Strand is required to collect local and state sales taxes based on a percentage of qualifying sales. The Strand's policy is to exclude sales taxes from the transaction price of all revenue when collected and from expenses paid. Instead, the Strand records the collection and payment of sales taxes through a liability account.

Shipping and Handling

The Strand treats shipping and handling activities as a part of the underlying promise to transfer goods to customers and to not treat them as a separate performance obligation. Thus, no portion of revenue received from customers is allocated to shipping and handling activities. All shipping and handling costs are classified as fulfillment costs

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Contract Assets and Liabilities

The Strand records contract assets and liabilities related to contracts with customers.

Contract assets consist of the Strand's right to payment from customers for goods or services that have been provided to those customers, with the right to collection conditional on something other than the passage of time. Contract assets were \$0 and \$0 for the years ended May 31, 2022 and 2021 respectively.

Contract liabilities consist of the Strand's obligation to transfer goods or services to customers for which the Strand has received consideration from customers, including advance payments received from customers for future goods and services. Contract liabilities were \$287,778 and \$130,273 for the years ended May 31, 2022 and 2021 respectively.

Refund Liability

The Strand records a refund liability in the amount of advanced ticket sales, taxes, and fees for performances that were cancelled. When a performance is cancelled, customers who purchased tickets in advance of the performance may receive a refund, exchange their tickets for an alternative performance, or have their purchase converted into a contribution. The refund liability was \$0 and \$0 for the years ended May 31, 2022 and 2021 respectively.

Refundable Advances

The Strand records refundable advances related to contributions, grants, or non-exchange contracts with donor-imposed conditions where the condition has not been substantially met or explicitly waived. Refundable advances were \$11,400 and \$131,942 for the years ended May 31, 2022 and 2021 respectively.

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 periods. Actual results could differ from those estimates. Significant estimates in the financial statements are depreciation and amortization of property and equipment and fair value of beneficial interest in net assets of the Strand Building Fund.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Continued)

Property and Equipment The Strand capitalizes property and equipment with useful lives over three years. Property and equipment are stated at cost, or if donated, at the fair market value at the date of donation. Works of art are capitalized at their fair market value on donation and, pursuant to FASB Accounting Standards Codification 958, *Not-For-Profit Entities*, are not depreciated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred.

In-kind Contribution and Contributed Services The Strand receives donated services from many unpaid volunteers who donate their time and perform a variety of tasks that assist the organization. The value of contributed services meeting the requirements for recognition in the financial statements for 2022 and 2021 was not material and has not been recorded.

Concentrations of Credit Risk The Strand serves a limited geographic area. Due to the nature of its operations, the Strand is dependent upon the local community and the health of the local economy in which it operates.

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

The expenses that have been allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Payroll taxes and benefits	Time and effort
Salary and wages	Time and effort

Statements of Cash Flows For purposes of the statements of cash flows, the Strand considers all cash in bank accounts and highly liquid debt instruments purchased with original maturities of three months or less, including restricted funds not pledged as collateral or for long-term purposes, to be cash equivalents. The Strand has adopted Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The Strand considers cash and cash equivalents with donor restrictions as restricted cash.

Pension Plan Beginning in 2017, the Strand established a Savings Incentive Match Plan for Employees Individual Retirement Account (SIMPLE IRA). The Strand's pension costs under the plan for the years ended May 31, 2022 and 2021 were \$8,026 and \$5,251, respectively.

The Strand Theatre of Shreveport Corporation

Summary of Accounting Policies (Concluded)

Income Taxes	<p>The Strand is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana. The Strand is not a private foundation within the meaning of Section 509(a) and there was no unrelated net business taxable income for the years ended May 31, 2022 and 2021. Accordingly, no provision for income taxes has been made in the financial statements.</p> <p>The Strand has adopted ASC 740, <i>Accounting for Uncertainty in Income Taxes</i>. Management has evaluated the Strand's tax positions and concluded that the Strand has taken no uncertain tax positions that require adjustment to the financial statements in order to comply with the provisions of ASC 740. In addition, Management is not aware of any matters that would cause the Strand to lose its tax-exempt status. The income tax filings for the Strand's years ending in 2020 through 2022 are subject to examination by taxing authorities.</p>
Collective Bargaining Agreement	<p>Certain wages paid by the Strand were covered by a collective bargaining agreement. The agreement sets wage rates for various job classifications along with other terms and conditions and is effective through August 31, 2023. Subsequent to the year ended May 31, 2022, the collective bargaining agreement was terminated by mutual consent of all parties.</p>
Advertising	<p>The Strand expenses advertising as it is incurred. The Strand expended \$51,008 and \$432 in the years ended May 31, 2022 and 2021, respectively, for advertising.</p>
Inventory	<p>Inventories, consisting primarily of beverages and snacks sold for consumption at theatrical events on the premises, are valued at the lower of cost or market. Cost is determined on a first-in, first-out basis.</p>
Reclassification of Prior Year Presentation	<p>Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.</p>
Subsequent Events	<p>Management evaluated events subsequent to the Strand's most recent year end through November 29, 2022, the financial statement issuance date.</p>

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements

- 1. Cash** Included in cash as of May 31, 2022 and 2021 are interest-bearing accounts totaling \$1,374,858 and \$618,772, respectively.

At May 31, 2022, \$674,875 in demand deposits exceeded Federal Depository insurance limits.

- 2. Property and Equipment** Major classes of property and equipment consist of the following:

	2022	2021
Land	\$ 96,000	\$ 96,000
Theatre and improvements	6,294,172	6,268,713
Theatrical equipment	356,100	261,652
Office furniture and equipment	83,981	96,421
	6,830,253	6,722,786
Less accumulated depreciation and amortization	3,855,831	3,649,532
	\$2,974,422	\$3,073,254

Depreciation expense was \$218,739 and \$206,242 for the years ended May 31, 2022 and 2021, respectively.

- 3. Long-term Debt** Long-term debt comprises the following at May 31, 2022 and 2021

	2022	2021
A 2.75% note payable with an initial face value of \$150,000, due in 330 monthly installments of \$641 beginning December 2022 with one final payment of \$24,439 in June 2050 with each installment first applied to interest accrued beginning June 2020, then applied to principal and interest; collateralized by equipment.	\$150,000	\$150,000
	\$150,000	\$150,000

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

3. Note payable and Long-term Debt - Continued	Schedule of maturities of long-term debt:	
	2023	\$ -
	2024	-
	2025	-
	2026	2,327
	2027	3,677
	Thereafter	143,996
		\$150,000

4. Employee Benefit Plan The Strand uses hourly employees who belong to the International Alliance of Theatrical Stage Employees Union and are covered under the IATSE National Benefit Funds pension plan. Benefits paid to union employees for years ended May 31, 2022 and 2021 were \$6,795 and \$210, respectively.

5. Leases The Strand has adopted FASB ASC 842, *Leases*. Under this Statement, a lessee is required to recognize a lease liability and an intangible lease right-of-use asset (“ROU”).

The Strand has the following lease obligations as of May 31, 2022:

Office equipment with an initial present value of \$7,239, an implicit annual interest rate of 6% included in 60 monthly payments of \$140 beginning April 2018, and with an option to purchase the equipment for \$1 at the end of the lease term.

The following schedule summarizes lease information as of:

May 31,	2022	2021
Expenses:		
Operating lease expense	\$ -	\$ -
Finance lease expense		
Amortization of ROU asset	1,448	1,448
Interest on lease liability	231	231
Total lease expense	\$1,679	\$1,679

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

5. Leases - Continued

Cash paid for amounts included in the measurement of lease and liabilities for finance leases as of:

May 31,	2022	2021
Operating cash flows	\$ 231	\$ 231
Financing cash flows	1,448	1,448
Total cash paid for finance leases	\$1,679	\$1,679

Cash paid for amounts included in the measurement of lease and liabilities for operating leases as of:

May 31,	2022	2021
Operating cash flows	\$ -	\$ -
Total cash paid for operating leases	\$ -	\$ -

The following summarizes ROU assets obtained in exchange for lease liabilities as of:

May 31,	2022	2021
Finance leases	\$1,327	\$2,775
Total	\$1,327	\$2,775

The following summarizes the weighted average remaining lease term (in years) as of May 31, 2022:

Finance leases	0.8
Operating leases	-

The following summarizes the weighted average discount rate as of May 31, 2022:

Finance leases	6%
Operating leases	-

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

5. Leases (continued)	Finance	Operating
Maturity Analysis		
2023	\$1,539	\$ -
Total	1,539	-
Less: Present value discount	(212)	-
Lease liability	\$1,327	\$ -

6. **Related Party Transactions** The Strand's general insurance agent is a member of the board. The annual premium cost paid to the agency, with which this individual is associated, was \$39,450 and \$33,690 for the years ended May 31, 2022 and 2021, respectively.

The Strand has deposits in a financial institution whose Chief Financial Officer is also an officer of the Strand.

7. **Supplemental Cash Flows Information** Cash paid for interest was \$0 and \$0 for the years ended May 31, 2022 and 2021, respectively. There was no cash paid for income taxes in either 2022 or 2021.

8. **Disaggregation of Revenue** Revenue, disaggregated by timing of transfer of goods and services is summarized as follows:

	2022	2021
Revenue recognized based on goods and services transferred to customers at a point in time:		
Theatre rental	\$461,945	\$29,080
Strand production ticket sales	321,399	-
Handling fees	119,810	13,601
Concession sales	83,512	3,810
Total revenue recognized at a point in time	\$986,666	\$46,491
Revenue recognized based on goods and services transferred to customers over time:		
Sponsorships	\$111,850	\$ -
Program ad sales	3,012	275
Total revenues recognized over time	\$114,862	\$ 275

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

9. Net Assets

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

May 31,	2022	2021
Portion of building restricted until December 31, 2036 (Note 13)	\$550,000	\$550,000
Net assets whose earnings and capital appreciation may be used for capital improvement (see Note 10)	200,000	200,000
Net assets of Strand Building Fund restricted for capital improvements	50,654	63,413
Total net assets with donor restrictions	\$800,654	\$813,413

10. Endowment Account

In 1998, the Strand entered into an agreement with the Community Foundation of North Louisiana (the “Foundation”), the agreement establishes an Agency Endowment Fund at the Foundation called “The Strand Theatre of Shreveport Corporation Fund” (the “Fund”). All property of the Fund belongs to the Foundation. The Fund will be used for support of the charitable purposes of the Strand. Net income and capital appreciation of the Fund, as governed by the Foundation’s spending policy, will be paid and distributed to the Strand at least annually, for as long as the Strand is a qualified charitable organization.

The fair market value of the Fund on the records of the Foundation at May 31, 2022 and 2021 was \$89,648 and \$92,562, respectively. Income received by the Strand from the Fund used for operations for the years ended May 31, 2022 and 2021 was \$3,316 and \$3,203, respectively.

11. Strand Building Fund

On April 11, 2016 the Strand entered into a Designated Agency Endowment Fund Agreement with the Community Foundation of North Louisiana (the “Foundation”) to establish the Strand Building Fund (the “Fund”). Under the terms of the agreement, the Strand invested \$100,000 cash from net assets without donor restrictions which was matched by a \$100,000 donation from the Foundation as a perpetually restricted contribution to be deposited into the Fund

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

11. Strand Building Fund - (Continued)

Under the terms of the Fund, the Foundation has ownership of the funds while the Strand retains a beneficial interest in the earnings and capital appreciation, which may be withdrawn to pay for repairs, maintenance, and other capital improvements to the Strand building in accordance with the Foundation's spending policy. Distributions from the Fund in excess of earnings and capital appreciation can only be made for special purposes as approved by the Foundation's board of directors.

The fair market value of the Fund at May 31, 2022 and 2021 was \$250,654 and \$263,413; respectively. The following comprises the net earnings of the Fund reported in the statements of activities:

May 31,	2022	2021
Fund distributions included in grant income	\$ (9,434)	\$ (9,111)
Unrealized gain (loss)	(3,326)	59,617
Net earnings (loss)	\$ (12,760)	\$ 50,506

12. Work of Art

Work of Art comprises an 18th century Waterford Chandelier.

13. Building Mortgage

On April 9, 2015, as part of the terms of a \$550,000 grant to replace its roof, the Strand executed a first mortgage in favor of the foundation making the grant (the "Grantor"). The mortgage will remain in place through December 31, 2036. As a condition of the grant, the Strand agrees not to mortgage or transfer ownership of the building through December 31, 2036. Should the Strand do so, the entirety of the grant will be repayable to the Grantor.

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

14. Contract Liabilities	May 31,	2022	2021
	Contract liabilities, beginning of year:		
	Ticket sales	\$ 95,104	\$ 107,388
	Theatre rentals	35,169	16,520
		130,273	123,908
	Revenue recognized that was included in contract liabilities at the beginning of the year:		
	Ticket sales	33,406	-
	Theatre rental	9,511	-
		42,917	-
	Net increases (decreases) in contract liabilities due to cash received (refunded) during the year:		
	Ticket sales	25,395	(12,284)
	Theatre rental	175,027	18,649
		200,422	6,365
	Contract liabilities, end of year		
	Ticket sales	87,093	95,104
	Theatre rentals	200,685	35,169
		\$ 287,778	\$ 130,273
15. Refundable Advances	May 31,	2022	2021
	Refundable Advances		
	Governmental grants	-	70,442
	Sponsorships	11,400	61,500
		11,400	131,942

Refundable advances include \$70,422 received under the Paycheck Protection Program (PPP) of the CARES Act of 2020 for the year ended May 31, 2021. Under the provisions of the PPP program, eligible entities may receive loans backed by the Small Business Administration to pay for qualifying expenses. The loans are potentially forgivable provided the funds are used for qualifying expenses within the allowable timeframe.

Management has elected to treat the loan as a conditional contribution under the provisions of ASC 958-605 "Not-for-Profit Entities: Revenue Recognition."

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Continued)

- 15. Refundable Advances - Continued** - Under the ASC, the initial cash inflow is recorded as a refundable advance liability. Once qualifying expenses are incurred, management reduces the refundable advance liability and recognizes governmental grant revenues in the same amount.

PPP proceeds of \$70,422 and \$78,200 received during the years ended May 31, 2021 and 2020, respectively, were used for qualifying expenses subsequent to the years then ended and reported as a part of governmental grant revenues for the years ended May 31, 2022 and 2021, respectively.

16. Availability of Financial Asset

The following reflects the Strand's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date. Amounts not available include amounts set aside in the Strand Building Fund that could be drawn upon if the governing boards approves that action. However, amounts already appropriated from the Strand Building Fund for general expenditure within one year of the statements of financial position have not been subtracted as unavailable.

Availability of financial assets as of May 31, 2022 and 2021 follows:

	2022	2021
Financial assets at year end	1,627,409	897,038
Less those unavailable for general expenditure within one year due to contractual or donor-imposed restrictions:		
Investment in the Strand Building Fund held in perpetual trust	(200,000)	(200,000)
Investment in the Strand Building Fund subject to appropriation and satisfaction of donor-imposed restrictions	(50,654)	(63,413)
Donations restricted by donor with time or purpose restrictions	-	-
Short-term investments required to be retained as collateral	-	-
Financial assets available to meet cash needs for general expenditures within one year	1,376,755	633,625

Continued

The Strand Theatre of Shreveport Corporation

Notes to Financial Statements (Concluded)

16. Availability of Financial Assets - Continued

The Strand's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

May 31,	2022	2021
Cash and cash equivalents	\$1,376,755	\$633,625
Total financial assets	\$1,376,755	\$633,625

17. Governmental Grants

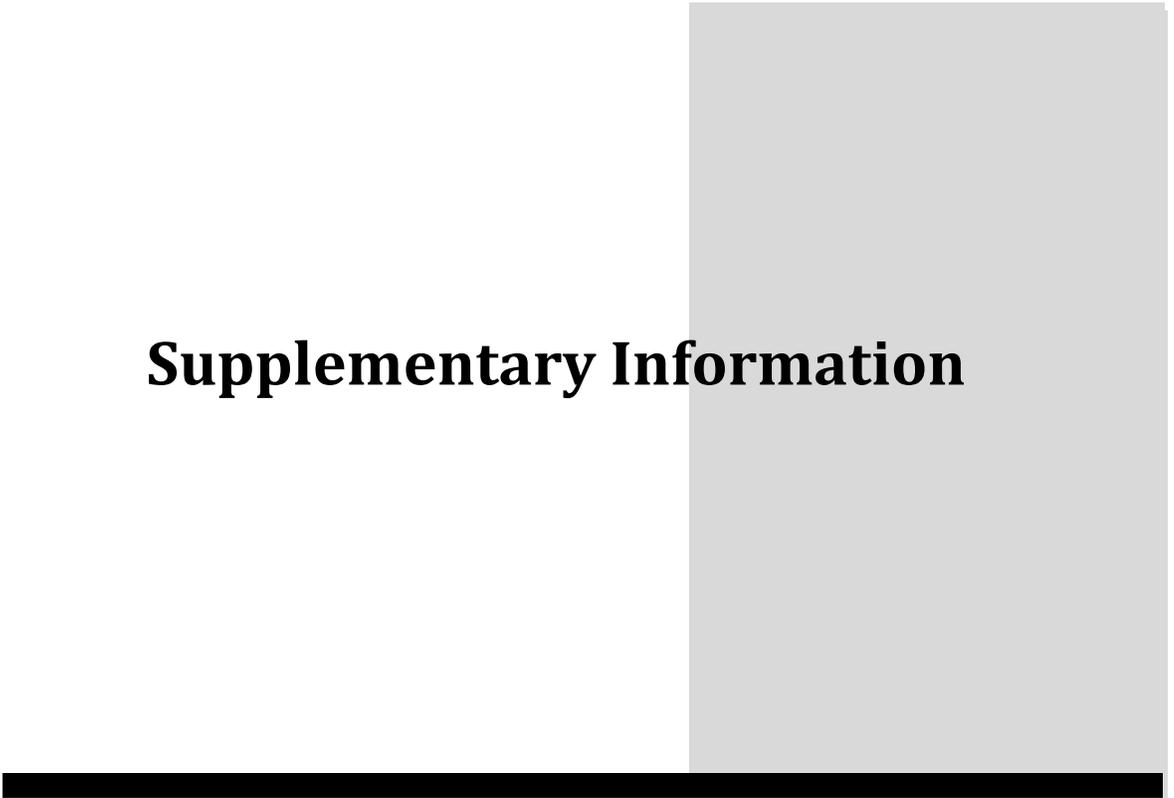
Government grants consist of the following:

May 31,	2022	2021
Small Business Administration		
Shuttered Venue Operators Grant	\$622,360	\$ -
Paycheck Protection Program	70,442	78,200
Targeted EIDL Advance Grant	7,000	-
City of Shreveport	16,850	-
Louisiana Division of the Arts through the Shreveport Regional Arts Council	2,594	-
Total governmental grants	\$719,246	\$78,200

Governmental grants include \$622,360 awarded under the Shuttered Venue Operators Grant (SVOG) program for the year ended May 31, 2022. The SVOG program was established by Section 324 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, and amended by the American Rescue Plan Act. Recipients must expend SVOG funds for purposes approved under the grant provisions.

Management believes the Strand has met the requirements for permissible SVOG expenditures and has recorded the grant amount as a conditional governmental grant under the provisions of ASC 958-605. Laws and regulations concerning the SVOG are complex and subject to varying interpretations. Claims made under the SVOG program may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Strand's claim to the SVOG, and it is not possible to determine the impact (if any) this would have upon the Strand.

Supplementary Information



The Strand Theatre of Shreveport Corporation

Schedule of Compensation, Benefits and Other Payments to Agency Head

Year Ended May 31, 2021

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.

Year Ended May 31,

2022

Jenifer Hill, Executive Director

Salary	\$ 93,651
Benefits – insurance	9,804
Benefits – retirement	2,712
Deferred compensation contributions	-
Car allowance	-
Vehicle provided by organization	-
Parking	617
Cell phone	600
Dues	-
Vehicle rental	-
Per diem	620
Reimbursements	119
Travel	-
Registration fees	715
Conference travel	2,720
Education expenses	-
Housing	-
Unvouchered expenses	-
Special meals	-
	\$111,558

The Strand Theatre of Shreveport Corporation

Schedule of Findings

For the Year Ended December 31, 2021

Summary of Audit Results

1. The auditors' report expressed an unqualified opinion on the financial statements of the Caddo Parish Coroner's Office.
2. No significant deficiencies in internal control were disclosed during the examination of the financial statements of the Caddo Parish Coroner's Office.
3. No instances of noncompliance material to the financial statements of the Caddo Parish Coroner's Office were disclosed during the examination.
4. No separate management letter was issued to the Caddo Parish Coroner's Office.

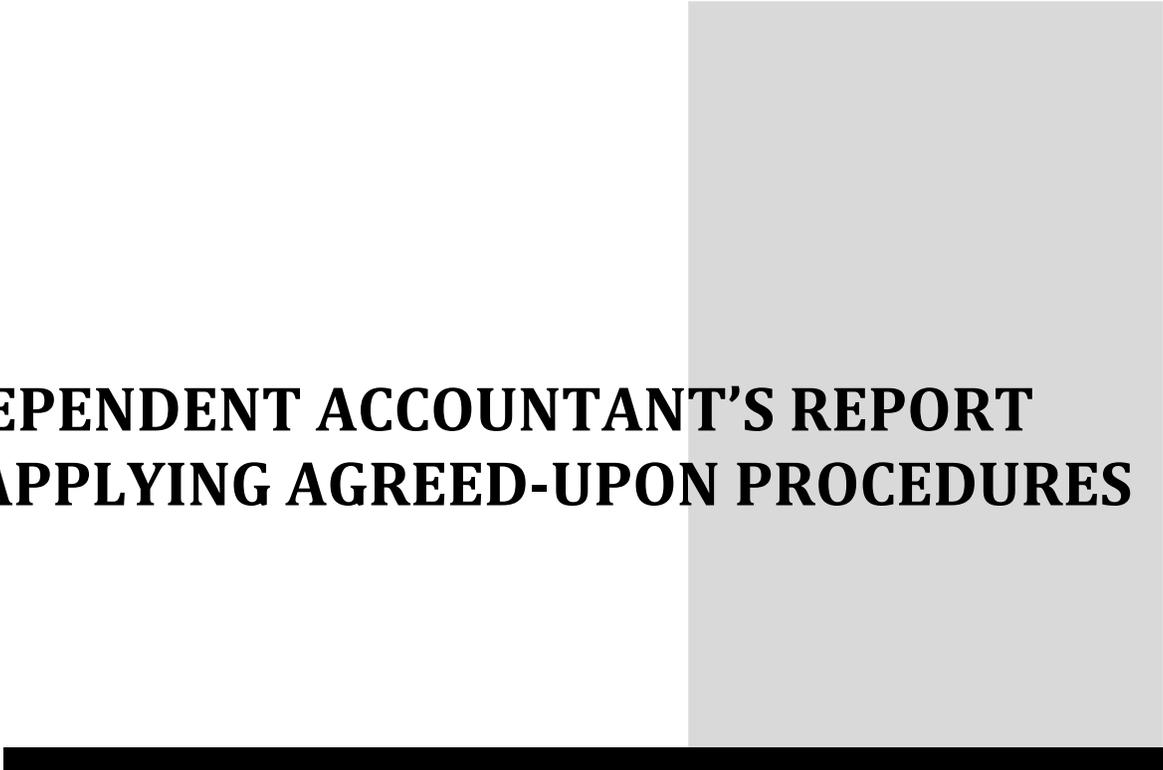
Findings - Financial Statement Audit

None

The Strand Theatre of Shreveport Corporation

Status of Prior Year Findings

Ref. No.	Fiscal Year Finding Initially Occurred	Description of Findings	Corrective Action Taken	Correction Action/Partial Corrective Action Taken
2021-001	2018	Late Filing of Report	Yes	Report timely filed



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

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Strand Theatre of Shreveport Corporation
and the
Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Strand Theatre of Shreveport Corporation and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period June 1, 2021 through May 31, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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 whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

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

No exceptions noted.

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

The results of testing the Purchasing functions above are as follows:

(1) *No exceptions noted.*

(2) *Exception. The entity's purchasing policy does not address how vendors are added to the vendor list.*

(3) *No exceptions noted.*

(4) *Not applicable. This nonprofit entity is not required to comply with the Public Bid Law.*

(5) *Not applicable to this nonprofit entity.*

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

No exceptions noted.

- 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).

No exceptions noted.

- 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.

No exceptions noted.

- 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.

No exceptions noted.

- 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).

No exceptions noted.

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

No exceptions noted.

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

Not applicable. The Louisiana Ethics Code does not apply to this nonprofit entity.

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

Not applicable. The Debt Service functions above do not apply to this nonprofit entity.

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

Exception. None of the Information Technology Disaster Recover/Business Continuity functions above were addressed in the entity's business continuity policy.

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

Not applicable. The provisions of R. S. 42:342-344 do not apply to this nonprofit entity. However, the entity does address sexual harassment prohibitions and reporting in its employee manual.

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 noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

No exceptions noted.

- 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.

Not applicable to this nonprofit entity.

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);

Exception. The entity has four bank accounts. The reconciliations for all four bank accounts for the May 2022 statements closing date were not performed until October 2022.

- 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

Exception. There was no observable evidence that a member of management/board member reviewed each bank reconciliation.

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

Exception. There was no observable evidence that management had documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

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).

Done without exception.

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

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

No exceptions noted.

- 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.

Exception. An employee responsible for cash collection also prepares bank deposits and reconciles cash collections.

- 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.

Exception. An employee responsible for cash collections is also responsible for posting collections to the general ledger as well as reconciling ledger postings to the deposit.

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

Exception. An employee responsible for reconciling cash collections to the general ledger is also responsible for collecting cash without another employee/official verifying the reconciliation.

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

No exceptions noted.

- 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.

Not applicable. All public funds were received in the form of electronic funds transfers or checks received through the mail.

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

Not applicable. All public funds were received in the form of electronic funds transfers or checks received through the mail.

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

No exceptions noted.

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

There was not enough information to perform the above test. The entity does not record the date checks are received in the mail vis-à-vis when the checks are deposited to the bank.

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

No exceptions noted.

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).

Done without exception. One location noted.

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.

Exception. Two employees are not always involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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

No exceptions noted.

- 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.

Exception. The employee responsible for processing payments also adds/modifies vendor files without another employee periodically reviewing changes to vendor files.

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

Exception. The employee responsible for processing payments also mails signed checks.

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

No exceptions noted.

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

No exceptions noted.

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

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

Done without exception.

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 one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Exception. The agency head as a card holder also approves the credit card payment.

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

No exceptions noted.

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

No exceptions noted.

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 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 noted.

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

Not applicable. GSA per diem rates were used for all tested transactions.

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

No exceptions noted.

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

Exception. The agency head reviewed and approved reimbursement for her own travel expenses.

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

Not applicable. The Louisiana Public Bid Law does not apply to any of the contracts tested.

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

No exceptions noted.

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

Not applicable. None of the contracts tested were amended.

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

No exceptions noted.

Payroll and Personnel

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

Exception. See discussion at paragraph 17(d) below.

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 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 exception noted.

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

Exception. The timesheets for two hourly employees did not have evidence of a supervisor's approval.

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

No exception noted.

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

Exception. Two individuals had the proper pay rate identified in the personnel file for the pay period tested, but the pay rate authorization was not signed by the employee or a member of management. One employee's authorized salary observed in the personnel file did not agree with the salary actually paid. All discrepancies were corrected in a subsequent pay period and before the end of the fiscal period.

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's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Not applicable. No employees/officials received termination payments during the fiscal period.

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 required deadlines.

Done without exception.

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 whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Not applicable. The provisions of Louisiana R.S. 42:1111-1121 do not apply to this nonprofit entity.

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

Not applicable. The provisions of Louisiana R.S. 42:1111-1121 do not apply to this nonprofit entity.

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 State Bond Commission approval was obtained for each debt instrument issued.

Not applicable to this nonprofit entity.

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).

Not applicable to this nonprofit entity.

Fraud Notice

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

Not applicable. Management represented there were no known misappropriations of public funds during the fiscal period.

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.

Exception. The entity has not posted on its premises and website the notice required by R.S. 24:523.1.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**

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

We 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.

We 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.

We 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.

Not applicable. The provisions of Louisiana R. S. 42:342-344 do not apply to this nonprofit entity.

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).

Not applicable. The provisions of Louisiana R. S. 42:342-344 do not apply to this nonprofit entity. However, the entity does have a sexual harassment policy included in its employee manual given to all new hires.

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:

Not applicable. The provisions of Louisiana R. S. 42:344 and the sexual harassment reporting functions below do not apply to this nonprofit entity.

- 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 not engaged to and did not conduct an examination or review, 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 our attention that would have been reported to you.

The purpose of this report is 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

Shreveport, Louisiana
November 29, 2022

Management's Response to Agreed-Upon Procedures

May 31, 2022



To the Louisiana Legislative Auditor and James K. McClelland, CPA LLC

The following comprises management's responses to exceptions noted by our auditors during the performance of statewide agreed-up procedures as established by the Louisiana Legislative Auditor:

Written Procedures

Purchasing exception noted:

Written policies and procedures do not address how vendors are added to the vendor list.

Management's response:

Management agrees. The written policies and procedures will be revised to address how vendors are added to the vendor list.

Information Technology exception noted:

Written policies and procedures do not address the enumerated functions for the Information Technology Disaster Recovery/Business Continuity category.

Management's response:

Management agrees. The written policies and procedures will be revised to include all the functions related to the Information Technology Disaster Recovery/Business Continuity category.

Bank Reconciliations

Exception noted

The entity has four bank accounts. The reconciliations for all four bank accounts for the May 2022 statements closing date were not performed until October 2022.

Management's response:

Management agrees. Bank reconciliations will be prepared within 2 months of month end.

Exception noted:

There was no observable evidence that a member of management/board member reviewed each bank reconciliation.

Management's response:

Management agrees and will evidence its review of the bank reconciliations in the future.

Exception noted:

Management had not documented researching reconciliation items that have been outstanding for more than 12 months.

Management's response:

Management agrees. Management will implement procedures to document research of reconciling items that have been outstanding for more than 12 months.

Collections

Exception noted:

An employee responsible for cash collection also prepares bank deposits and reconciles cash collections.

Management response:

Management agrees. However, the small staff of the Strand makes segregation of duties difficult. We will, however, make it a priority to shore up this area.

Exception noted:

An employee responsible for cash collections is also responsible for posting collections to the general ledger as well as reconciling ledger postings to the deposit.

Management response:

Management agrees. However, the small staff of the Strand makes segregation of duties difficult. We will, however, make it a priority to shore up this area.

Exception noted:

An employee responsible for reconciling cash collections to the general ledger is also responsible for collecting cash without another employee/official verifying the reconciliation.

Management response:

Management agrees. However, the small staff of the Strand makes segregation of duties difficult. We will, however, make it a priority to shore up this area.

Non-Payroll Disbursements

Exception noted:

Two employees are not always involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Management response:

Management agrees. However, the nature of the small office environment does not support the level of segregation of duties identified in the procedure. Management has implemented compensating controls.

Exception noted:

The employee responsible for processing payments also adds/modifies vendor files without another employee periodically reviewing changes to vendor files.

Management response:

Management agrees. However, the nature of the small office environment does not support the level of segregation of duties identified in the procedure.

Exception noted:

The employee responsible for processing payments also mails signed checks.

Management response:

Management agrees. However, the nature of the small office environment does not support the level of segregation of duties identified in the procedure. Management has implemented compensating controls.

Credit Cards

Exception noted:

The agency head as a card holder also approves the credit card payment.

Management response:

Management agrees. However, the nature of the small office environment does not support the level of segregation of duties identified in the procedure. Management will explore opportunities for compensating controls.

Exception noted:

The agency head as a card holder also approves the credit card payment.

Management response:

Management agrees. However, the nature of the small office environment does not support the level of segregation of duties identified in the procedure. Management will explore opportunities for compensating controls.

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

Exception noted:

The agency head reviewed and approved reimbursement for her own travel expenses.

Management response:

Management agrees. However, the nature of the small office environment does not support the level of segregation of duties identified in the procedure. Management will explore opportunities for compensating controls.

Payroll and Personnel

Exception noted:

The timesheets for two hourly employees did not have evidence of a supervisor's approval.

Management response: .

Management agrees and will ensure future timesheets contain appropriate signatures.

Fraud Notice

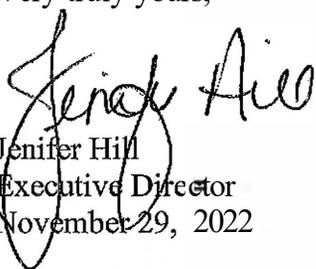
Exception noted: .

The entity does not have the required fraud notice posted on its website or on its premises.

Management's response: .

Management agrees. However, management has determined modification of the website is cost prohibitive.

Very truly yours,



Jenifer Hill
Executive Director
November 29, 2022

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