

**Shreveport Regional Arts Council
Shreveport, Louisiana**

Financial Statements

As of and for the Years Ended June 30, 2020 and 2019

Shreveport Regional Arts Council
Shreveport, Louisiana

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Shreveport Regional Arts Council, (a nonprofit corporation) which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shreveport Regional Arts Council, as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

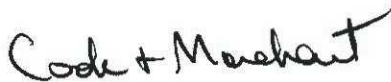
Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, on our consideration of Shreveport Regional Arts Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Shreveport Regional Arts Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Shreveport Regional Arts Council's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
December 18, 2020

Shreveport Regional Arts Council
Shreveport, Louisiana
Statements of Financial Position
June 30, 2020 and 2019

Assets	2020	2019
Current assets:		
Cash and cash equivalents	\$ 430,586	\$ 524,494
Investments	701,332	979,565
Grants receivable	50,983	195,983
Other receivables	14,721	62,371
Prepaid expenses	1,039	8,917
Total current assets	1,198,661	1,771,330
Noncurrent assets:		
Cash - restricted	1,224,371	159,858
Promises to give - building renovations	125,000	153,563
Promises to give - bridge re-lighting project	800,000	
Promises to give - artbreak		22,500
Deposits		1,147
Property and equipment, net	2,747,875	2,912,597
Construction in progress - bridge re-lighting project	27,263	
Land held for development	18,000	18,000
Total noncurrent assets	4,942,509	3,267,665
 Total Assets	 \$ 6,141,170	 \$ 5,038,995
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 14,228	\$ 24,962
Accrued expenses	81,277	82,816
Line of credit	235,842	484,592
Loan payable	118,500	
Grants payable	80,081	43,987
Refundable advance		21,250
Total current liabilities	529,928	657,607
Due to beneficiary organization bridge re-lighting project	1,000,000	
Total Liabilities	1,529,928	657,607
Net assets		
With donor restrictions	1,211,734	511,922
Without donor restrictions	3,399,508	3,869,466
Total net assets	4,611,242	4,381,388
Total Liabilities and Net Assets	\$ 6,141,170	\$ 5,038,995

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

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

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

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues, gains, support and reclassifications:			
Admissions sales and concessions	\$ 94,856	\$	\$ 94,856
Tuition and fees	16,634		16,634
Individual contributions	29,545	3,487	33,032
Business and industry contributions	70,761	14,227	84,988
Foundation grants	100,946	45,000	145,946
Government grants / contracts:			
City of Shreveport	539,862	112,388	652,250
Other governments	158,750		158,750
State of Louisiana	185,534		185,534
Special events -			
Christmas in the Sky	1,421,690		1,421,690
Rental Income	18,000		18,000
Interest and dividends	23,188		23,188
Miscellaneous income	3,188		3,188
Net assets released from restrictions			
Satisfaction of program restrictions	258,787	(258,787)	
Total revenues, gains, support and reclassifications	2,921,741	(83,685)	2,838,056
Expenses:			
Supporting services -			
General and administrative	363,071		363,071
Special events fund raising - Christmas in the Sky	1,016,690		1,016,690
Total supporting services	1,379,761		1,379,761
Program services			
Artbreak	242,545		242,545
Artspace	388,245		388,245
Shreveport Common / Public Art	248,925		248,925
Arts Resource Center	496,189		496,189
Total programs services	1,375,904		1,375,904
Total expenses	2,755,665		2,755,665
Change in net assets from operations	166,076	(83,685)	82,391
Nonoperating activities			
Transfer to new organization	(192,377)		(192,377)
Investments return, net	29,170		29,170
Change in net assets	2,869	(83,685)	(80,816)
Net assets, beginning of year	3,866,597	595,607	4,462,204
Net assets, end of year	\$ 3,869,466	\$ 511,922	\$ 4,381,388

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

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

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

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

Shreveport Regional Arts Council
 Shreveport, Louisiana
 Statement of Functional Expenses
 For the Year Ended June 30, 2019

	Support Services			Program Services			Total Program Services	Totals
	General and Administrative	Fund Raising - Christmas In the Sky	Artbreak	Artspace	Shreveport Common / Public Art	Arts Resource Center		
Admissions sales and concessions	\$	\$ 196,600	\$ 10,722	\$ 28,229	\$	\$ 6,231	\$ 45,182	\$ 241,782
Auction Expense		113,915						113,915
Awards			17,905				17,905	17,905
Bank charges	2,121	32,496	130	1,730	50	272	2,182	36,799
Contract labor	6,504	76,761	2,100	14,067		2,336	18,503	101,768
Depreciation expense	74,917			3,405	45,972	45,972	95,349	170,266
Dues and subscriptions	9,035	1,310	216	700	1,122	1,155	3,193	13,538
Development	801	21,015	7,368	40,146	3,118	258	50,890	72,706
Employee benefits	10,670	12,335	6,116	9,409	5,328	4,700	25,553	48,558
Equipment and facility rentals	9,264	55,110	1,200	2,698	53		3,951	68,325
Event expenses		92,774	9,620	13,974			23,594	116,368
Grants to other agencies						320,705	320,705	320,705
Insurance expense	37,627	2,018	2,018	2,449	1,899	2,018	8,384	48,029
Interest	111			21,667			21,667	21,778
Internet	7,929	250	95	676			771	8,950
Miscellaneous expense	1,354	7,107	1,694	875	454	60	3,083	11,544
Payroll taxes	6,219	11,131	5,605	10,276	4,127	4,530	24,538	41,888
Postage and freight	5,395	2,267	84	1,532	1,171	222	3,009	10,671
Professional artist fees		37,525	52,243	44,182	36,160	22,146	154,731	192,256
Professional services	13,648	21,111	11,383	13,872	79,567	15,956	120,778	155,537
Promotion and printing	344	38,671	5,559	3,764	2,233	1,027	12,583	51,598
Repair and maintenance	8,267	15,331		11,029	98	1,200	12,327	35,925
Salaries	113,911	156,178	77,239	140,852	51,189	59,679	328,959	599,048
Security	1,096	12,835		1,354	360	270	1,984	15,915
Supplies and fees	27,264	94,303	22,948	12,887	4,274	1,092	41,201	162,768
Telephone	5,176							5,176
Travel								
Program			7,035	8,472	11,750	6,360	33,617	33,617
Staff and board	19,376	14,382						33,758
Utilities	2,042	1,265	1,265				1,265	4,572
	<u>\$ 363,071</u>	<u>\$ 1,016,690</u>	<u>\$ 242,545</u>	<u>\$ 388,245</u>	<u>\$ 248,925</u>	<u>\$ 496,189</u>	<u>\$ 1,375,904</u>	<u>\$ 2,755,665</u>

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

Operating Activities	2020	2019
Changes in net assets	\$ 229,854	\$ (80,816)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	164,721	170,266
Realized and unrealized (gains) and losses on investments	(7,266)	(36,676)
(Increase) decrease in operating assets:		
Grants receivable	145,000	(181,864)
Other receivables	47,650	(29,371)
Promises to give	51,063	27,327
Deposits	1,147	78
Prepaid expenses	7,878	776
Increase (decrease) in operating liabilities:		
Accounts payable	(10,734)	349
Grants payable	36,094	(11,569)
Accrued expenses	(1,539)	4,554
Deferred revenue	(21,250)	21,250
Net cash provided (used) by operating activities	642,618	(115,696)
 Investing Activities		
Construction in progress - bridge lighting	(27,263)	
Proceeds from sales of investments	285,500	12,963
Sale of land held for development		12,000
Net cash provided by investing activities	258,237	24,963
 Financing Activities		
Funds held as agency transfer-bridge re-lighting project	200,000	
Proceeds from notes payable	118,500	
Proceeds from line of credit	1,250	212,000
Payments on line of credit	(250,000)	(212,501)
Net cash (used) by financing activities	69,750	(501)
 Net increase (decrease) in cash and cash equivalents	970,605	(91,234)
 Cash and cash equivalents as of beginning of year	684,352	775,586
 Cash and cash equivalents as of end of year	\$ 1,654,957	\$ 684,352
 Reconciliation of cash, cash equivalents, and restricted cash:		
Cash and cash equivalents	\$ 430,586	\$ 524,494
Restricted cash	1,224,371	159,858
Cash, cash equivalents, and restricted cash, end of year	\$ 1,654,957	\$ 684,352
 Non-cash investing and financing transaction:		
Due to beneficiary organization-bridge re-lighting project	\$ 1,000,000	\$
Promise to give - bridge re-lighting project	(800,000)	
Cash received for bridge re-lighting project	\$ 200,000	\$
 Supplemental disclosure:		
Interest paid during the year on line of credit	\$ 20,500	\$ 21,667

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2020 and 2019

(1) Summary of Significant Accounting Policies

A. Nature of Activities

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

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

B. Basis of Accounting

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

C. Use of Estimates

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

D. Basis of Presentation

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

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

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

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

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

E. Cash and Cash Equivalents

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

F. Promises to Give

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

G. Investments

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

H. Fair Value Measurements

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

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

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

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

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

I. Property and Equipment

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

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

J. Contributions

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

K. Advertising Costs

SRAC uses advertising to promote its services among the community it serves. The costs of advertising are expensed as incurred. For the years ended June 30, 2020 and 2019, advertising costs totaled \$63,363 and \$61,827, respectively, and are included in promotions on the Statements of Functional Expenses.

L. Employee Benefit Plans

SRAC established a Simple Retirement Account plan for its full and part-time employees. An employee is eligible to participate in any calendar year if the employee received at least \$5,000 of compensation during each of the two preceding year calendar years and is reasonably expected to receive at least \$5,000 in compensation during the current calendar year. Participation is voluntary, and the employee may contribute up to \$7,000 per year. SRAC matches the employee's contribution up to 3% of the employee's annual compensation, or \$7,000, whichever is less. The contributions charged to expense for the years ended June 30, 2020 and 2019 were \$14,337 and \$13,098, respectively.

M. Income Tax Status

SRAC is a non-profit corporation and is exempt from state and federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to SRAC's tax-exempt purpose is subject to taxation as unrelated business income. SRAC had no such income for this audit period. The Organization's Form 990, Return of Organization Exempt from Income Tax, for the years ended June 30, 2017, 2018, 2019, and 2020 are subject to examination by the IRS, generally three years after they were filed.

N. Expense Allocation

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

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

O. Accrued Absences

SRAC's policy is to pay employees upon termination for vacation time accrued up to 160 hours maximum per employee with 0–5 years experience; up to 192 hours for employees with 6–10 years experience; up to 240 hours for employees with 11–15 years experience; up to 288 hours for employees with 16–20 years experience; up to 336 hours for employees with 21–24 years experience; up to 400 hours for employees with 25–30 years experience; and up to 480 hours for employees with over 31 years' experience. An accrued liability for vacation time of \$58,715 and \$64,052 is included in accrued expenses at June 30, 2020 and 2019, respectively.

(2) Adoption of New Accounting Pronouncement

For the year ended June 30, 2020, SRAC adopted the Financial Accounting Standards Update (ASU) No. 2016-18 - *Not-for-Profit Entities (Topic 230): Statement of Cash Flows: Restricted Cash*. This update requires that the statement of cash flows explain the change during the period in total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.

(3) Agreement for Services

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

(4) Concentrations of Credit Risk

SRAC maintains cash balances at financial institutions and a money market account held by an investment broker. The Federal Deposit Insurance Corporation (FDIC) insures accounts up to \$250,000 at financial institutions. Securities Investor Protection Corporation (SIPC) insures funds on deposit with the investment broker up to \$500,000. SRAC had uninsured cash balances of \$752,363 and \$0 at June 30, 2020 and 2019, respectively.

Promises to give for bridge re-lighting project at June 30, 2020 were from one donor.

Promises to give for building renovations at June 30, 2020 were from one donor. Approximately 99% of the promises to give for building renovations and artbreak at June 30, 2019, were from three donors.

Concentrations of credit risk with respect to grant receivables are limited due to these amounts being due from governmental agencies under contractual terms. As of June 30, 2020 and 2019, SRAC had no significant concentrations of credit risk in relation to grant receivables.

(Continued)

Shreveport Regional Arts Council
 Shreveport, Louisiana
 Notes to Financial Statements
 June 30, 2020 and 2019
 (Continued)

(5) Restricted Assets

Assets restricted for building renovations, development of park, and artbreak at June 30, 2020 and 2019 consisted of the following:

	2020	2019
Cash	\$ 1,224,371	\$ 159,858
Promises to give	925,000	176,063
	\$ 2,149,371	\$ 335,921

Promises to give expected to be collected over more than one year are discounted at 12% for the years ended June 30, 2020 and 2019. The allowance for uncollectible promises to give at June 30, 2020 and 2019 was \$0 and \$2,500, respectively.

	2020	2019
Receivables in less than one year	\$ 825,000	\$ 51,500
Receivables in one to five years	100,000	125,000
	925,000	176,500
Less discounts to net present value	()	(437)
Net promises to give	\$ 925,000	\$ 176,063

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

	2020	2019
Promises to give – building renovations	\$ 125,000	\$ 153,563
Promises to give – bridge re-lighting project	800,000	
Promises to give - artbreak		22,500
Total promises to give	\$ 925,000	\$ 176,063

(6) Investments

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

Investments as of June 30, 2020, and 2019, consisted of the following:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Fixed income mutual funds	\$ 404,080	\$ 391,095	\$ 364,106	\$ 352,380
Other assets	15,228	17,056	48,741	48,139
Equity funds	282,024	284,427	566,718	497,932
	\$ 701,332	\$ 692,578	\$ 979,565	\$ 898,451

Investment income (loss) for the years ended June 30, 2020 and 2019 consisted of the following:

	2020	2019
Realized gain on sale on investments	\$ 78,921	\$ 11,457
Unrealized gains (losses) on investments	(71,655)	17,713
	\$ 7,266	\$ 29,170

(Continued)

Shreveport Regional Arts Council
 Shreveport, Louisiana
 Notes to Financial Statements
 June 30, 2020 and 2019
 (Continued)

(7) Refundable Advances

SRAC records grant funds received in excess of expenditures as a refundable advance until they are expended for the purpose of the contract or until the funds are returned to the appropriate funding source.

(8) Development of Shreveport Common

Shreveport Common was a program administered by SRAC at the request of the City of Shreveport until such time as Shreveport Common, Inc. received its designation as a separate 501(c) 3 entity. Funds received by SRAC but not yet expended for the development of the Shreveport Common area are included in restricted cash and net assets with donor restrictions as of June 30, 2020 and 2019, totaling \$1,051,634 and \$159,858, respectively.

Amounts reflected as Land Held for Development totaling \$18,000 at June 30, 2020 and 2019, represent payments made by SRAC to purchase portions of property for the Shreveport Common area. Those purchases were made using funds received by SRAC which were restricted for the development of the area. The land will be transferred to the separate Shreveport Common, Inc. entity in the future.

(9) Property and Equipment

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

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

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

Property and equipment at June 30, 2019, with estimated depreciable life, are summarized as follows:

Furniture, fixtures, equipment	7 – 20 years	\$ 512,485
Leasehold improvements – construction in process	None	191,250
Leasehold improvements	5 – 10 years	<u>3,257,096</u>
		3,960,831
Accumulated Depreciation		<u>(1,048,234)</u>
		<u>\$ 2,912,597</u>

Depreciation expense for the year ended June 30, 2019 was \$170,266.

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

(10) Net Assets

Net assets at June 30, consisted of the following:

Net Assets Without Donor Restrictions:	<u>2020</u>	<u>2019</u>
Undesignated net assets	\$ 2,656,880	\$ 2,711,108
Designated net assets		
Covid artists payments	17,400	
Grants to other organizations		157,500
Friends With You Program		5,598
Board designated reserves	<u>725,228</u>	<u>995,260</u>
Total Designated for use for programs	<u>742,628</u>	<u>1,158,358</u>
Total net assets without donor restrictions	<u>3,399,508</u>	<u>3,869,466</u>
Net Assets With Donor Restrictions:		
Subject to expenditure for specified purpose –		
Restricted for Friends With You Program		165,374
Restricted for Development of Shreveport Common	1,051,634	159,858
Restricted for Artist Ecosystem		899
Restricted for Artspace	150,000	149,563
Restricted for Renovations of Central Fire Station		4,000
Restricted for Artbreak	<u>10,100</u>	<u>32,228</u>
Total net assets with donor restrictions	<u>1,211,734</u>	<u>511,922</u>
Total Net Assets	<u>\$ 4,611,242</u>	<u>\$4,381,388</u>

(11) Operating Leases

SRAC leases certain storage space and equipment under operating leases. Rental costs for these leases for the years ended June 30, 2020 and 2019 were \$13,479 and \$10,574, respectively. Commitments under lease agreements having initial or remaining non-cancellable terms in excess of one year are as follows:

<u>For the Year Ending June 30,</u>	
2021	\$ 7,956
2022	7,956
2023	7,956
2024	7,956
2025	<u>3,978</u>
Total minimum future rentals	<u>\$ 35,802</u>

(12) Accrued Expenses

Accrued expenses consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Accrued leave payable	\$ 58,715	\$ 64,052
Accrued payroll and related benefits	<u>22,562</u>	<u>18,764</u>
	<u>\$ 81,277</u>	<u>\$ 82,816</u>

(Continued)

Shreveport Regional Arts Council
 Shreveport, Louisiana
 Notes to Financial Statements
 June 30, 2020 and 2019
 (Continued)

(13) Line of Credit

SRAC has a revolving line of credit in the amount of \$750,000. The line of credit has a variable interest rate based upon the Wall Street Journal Prime Rate, which was 3% at June 30, 2020. The balance on the line of credit as of June 30, 2020 was \$235,842 and has a maturity date of January 21, 2021. The line of credit is secured by an investment account held in SRAC's name.

Interest expense incurred on the line of credit for the year ended June 30, 2020 was \$20,500.

At June 30, 2019, SRAC had a line of credit in the amount of \$500,000, with a balance of \$484,592. Interest incurred during the year ended June 30, 2019, was \$21,667.

(14) Liquidity and Availability of Financial Assets

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

Financial assets at year-end:	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 430,586	\$ 524,494
Investments	701,332	979,565
Grant receivables	50,983	195,983
Other receivables	14,721	62,371
Cash restricted	<u>1,224,371</u>	<u>159,858</u>
Total financial assets	2,421,993	1,922,271
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(1,211,734)	(511,922)
Less designated assets which are designated for program use	<u>(17,400)</u>	<u>(163,098)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,192,859</u>	<u>\$ 1,247,251</u>

As reflected above, certain designated assets are designated for program use. These assets limited to use, as reflected in Note 10, are not available for general expenditures within the next year and are, therefore, deducted from the amounts noted above. However, designated amounts could be made available, if necessary. SRAC also has a revolving line of credit in the amount of \$750,000 which could be drawn upon in the event of an unanticipated liquidity need.

In addition to financial assets available to meet general expenditures over the year, SRAC operates with a balanced budget and anticipates covering general expenditures using the income generated from contractual agreements with governmental agencies and contributions. The Statement of Cash Flows identifies the sources and uses of the SRAC's cash and shows positive cash generated by operations of \$642,618 for the year ended June 30, 2020, and negative cash generated by operations of \$115,696 for the year ended June 30, 2019.

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

(15) Concentration of Revenue

During the years ended June 30, 2020 and 2019, SRAC received contractual revenue from federal, state, parish, and city grants in the amount of \$1,884,548 and \$996,534, respectively. The continued existence of these funds is based on annual contract renewals with various funding sources.

For the year ended June 30, 2019, approximately 50% of SRAC's revenues, gains, and support was received for the biennial fundraising event, Christmas in the Sky.

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

Construction in progress – bridge re-lighting project at June 30, 2020, consists of funds paid pursuant to an ongoing project to re-light the Texas Street Bridge. The funding for the re-lighting project is set forth in a Memorandum of Understanding (MOU) between the City of Shreveport, a private donor, and SRAC. Per the terms of the MOU, SRAC will implement a re-lighting project utilizing the most current bridge lighting design and contract. SRAC will receive donations for the project and will administer the contract with the lighting manufacturer. At the completion of the project, the improvements will be donated to the City and will be owned by the City of Shreveport. Total cost of design and lighting purchase are estimated at approximately \$743,000. Per the terms of the MOU, SRAC has received a pledge from a private donor in the amount of \$1,000,000.

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

During the year ended June 30, 2020, SRAC received a promise to give from a private donor in the amount of \$1,000,000, in conjunction with the Texas Street Bridge re-lighting project. Payments received on the promise to give for the year ended June 30, 2020, were \$200,000. The remaining balance of \$800,000 is to be collected in the subsequent year. Terms of the promise to give are set forth in a Memorandum of Understanding (MOU) between the City of Shreveport, a private donor, and SRAC. No allowance for uncollectible promises to give has been recorded in relation to this promise to give, as management deems the entire amount to be collectible. Subsequent to June 30, 2020, an additional \$402,736 was received in partial payment of the outstanding promise to give balance. The remainder is scheduled to be received in 2021.

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

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

(19) Grants Payable

Grants payable at June 30, 2020 and 2019 represent amounts owed to recipients of arts grants awarded by SRAC but not yet paid. Final payments are made upon receipt of final reports from the recipients.

(20) Donated Materials, Facilities, and Services

Various materials and services were donated to SRAC by various individuals and organizations. Donated materials and services for the years ended June 30, 2020 and 2019 were \$49,675 and

(Continued)

Shreveport Regional Arts Council
Shreveport, Louisiana
Notes to Financial Statements
June 30, 2020 and 2019
(Continued)

\$61,587, respectively, were recorded at fair market value at the date of donation, and have been included in revenue and expenses for each year.

(21) Loan Payable

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

(22) Grants Receivable

Various funding sources provide reimbursement of allowable costs under contracts or agreements. These balances represent amounts due from funding sources at June 30, 2020 and 2019, but received after those dates.

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

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

The fair market value of the fund at June 30, 2020 and 2019 was \$260,654 and \$279,422 respectively.

(24) Subsequent Events

In November 2020, SRAC signed an agreement for the creation, fabrication, and installation of a public art work "Art Trees" for Caddo Common for \$160,000. The project will be funded through a letter of agreement from Shreveport Common, Inc.

Subsequent events have been evaluated through December 18, 2020, the date the financial statements were available to be issued.

(25) Commitments

SRAC entered into an agreement in August 2019 for color kinetics LED lighting system for the Texas Street Bridge in the amount of \$742,979. As of June 30, 2020 \$25,000 had been expended for design and drawing. The remaining \$717,979 will be incurred subsequent to June 30, 2020.

(26) Uncertainty

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

Shreveport Regional Arts Council
Shreveport, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2020

Agency Head: Pam Atchison, Executive Director

The following payments were made from public funds:

<u>Purpose</u>	<u>Amount Paid with Public Funds</u>
Salary	\$ 35,216
Benefits - cell phone	1,769

COOK & MOREHART

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the Standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shreveport Regional Arts Council (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
December 18, 2020

Shreveport Regional Arts Council
Shreveport, Louisiana
Summary Schedule of Audit Findings
June 30, 2020

Summary Schedule of Prior Audit Findings

There were no findings for the prior year audit for the year ended June 30, 2019.

Summary Schedule of Current Year Audit Findings

There are no findings for the current year audit for the year ended June 30, 2020.