

**FESTIVAL INTERNATIONAL  
DE LOUISIANE, INC.**

Lafayette, Louisiana

Consolidated Financial Report

Year Ended August 31, 2020

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# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA\* - retired 2020

\* A Professional Accounting Corporation

183 S. Beadle Rd. 11929 Bricksome Ave.  
Lafayette, LA 70508 Baton Rouge, LA 70816  
Phone (337) 232-4141 Phone (225) 293-8300

1428 Metro Dr. 450 E. Main St.  
Alexandria, LA 71301 New Iberia, LA 70560  
Phone (318) 442-4421 Phone (337) 367-9204

200 S. Main St. 1201 David Dr.  
Abbeville, LA 70510 Morgan City, LA 70380  
Phone (337) 893-7944 Phone (985) 384-2020

434 E. Main St. 332 W. Sixth Ave.  
Ville Platte, LA 70586 Oberlin, LA 70655  
Phone (337) 363-2792 Phone (337) 639-4737

WWW.KCSRCPAS.COM

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Festival International de Louisiane, Inc.  
Lafayette, Louisiana

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Festival International de Louisiane, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of August 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Festival International de Louisiane, Inc. and affiliate as of August 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities included in supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 12, 2021, on our consideration of Festival International de Louisiane, Inc.'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 Festival International de Louisiane, Inc.'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 Festival International de Louisiane, Inc.'s internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
February 12, 2021

## **FINANCIAL STATEMENTS**

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Consolidated Statement of Financial Position  
August 31, 2020

ASSETS

Current assets:	
Cash and cash equivalents	\$ 788,528
Receivables -	
Other	10,000
Inventory	<u>36,405</u>
Total current assets	<u>834,933</u>
Property and equipment, net	<u>578,395</u>
Other assets:	
Prepaid items	63,958
Trademark	<u>590</u>
Total other assets	<u>64,548</u>
Total assets	<u>\$1,477,876</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accrued liabilities	\$ 67,130
Short-term notes payable	69,022
Current maturities of long-term debt	<u>23,634</u>
Total current liabilities	159,786
Noncurrent liabilities:	
Long-term debt, less current maturities	<u>454,268</u>
Total liabilities	614,054
Net assets:	
Without donor restrictions	<u>863,822</u>
Total liabilities and net assets	<u>\$1,477,876</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Consolidated Statement of Activities  
Year Ended August 31, 2020

	<u>Without Donor Restrictions</u>
Support-	
Contributions	\$ 375,151
Grants	92,069
Fundraising	33,204
In-kind contributions	<u>232,133</u>
Total support	<u>732,557</u>
Revenue-	
Sales, net of direct expenses	63,596
Interest	4,869
Miscellaneous	<u>2,931</u>
Total revenue	<u>71,396</u>
Total support and revenue	<u>803,953</u>
Expenses-	
Program services:	
Programming	95,194
Production	125,522
Marketing and promotion	<u>291,098</u>
Total program services	<u>511,814</u>
Supporting services:	
Management and general	166,062
Fundraising	<u>155,491</u>
Total supporting services	<u>321,553</u>
Total expenses	<u>833,367</u>
Change in net assets	(29,414)
Net assets, beginning of year	<u>893,236</u>
Net assets, end of year	<u>\$ 863,822</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Consolidated Statement of Functional Expenses  
Year Ended August 31, 2020

	Program Services			Total Program Services	Supporting Services		Total Supporting Services	Total Expenses
	Programming	Production	Marketing and Promotion		Management and General	Fundraising		
Salaries and benefits	\$ 54,981	\$ 66,444	\$ 43,531	\$ 164,956	\$ 67,351	\$ 78,565	\$ 145,916	\$ 310,872
Professional fees	36,150	4,639	1,000	41,789	3,120	2,080	5,200	46,989
Outside services and fees	-	-	-	-	16,988	11,325	28,313	28,313
Supplies	-	802	-	802	8,116	5,411	13,527	14,329
Telephone and utilities	-	-	-	-	3,560	2,373	5,933	5,933
Postage and shipping	-	-	-	-	1,559	1,039	2,598	2,598
Payroll taxes	4,029	4,693	3,266	11,988	4,987	5,799	10,786	22,774
Rental of property and equipment	-	6,702	-	6,702	3,457	2,304	5,761	12,463
Printing and publications	-	-	575	575	-	-	-	575
Hospitality	-	27,705	-	27,705	-	-	-	27,705
Meals and lodging	-	-	-	-	1,948	1,299	3,247	3,247
Advertising and promotion	-	-	226,981	226,981	-	-	-	226,981
Research	-	-	-	-	1,244	830	2,074	2,074
Insurance	-	5,588	-	5,588	12,520	8,346	20,866	26,454
Decorations and signage	-	744	872	1,616	-	-	-	1,616
Photography	-	-	3,425	3,425	-	-	-	3,425
Depreciation	-	-	-	-	18,732	-	18,732	18,732
Special events	-	-	-	-	-	21,132	21,132	21,132
Other	34	8,205	11,448	19,687	22,481	14,987	37,468	57,155
	<u>\$ 95,194</u>	<u>\$ 125,522</u>	<u>\$ 291,098</u>	<u>\$ 511,814</u>	<u>\$ 166,062</u>	<u>\$ 155,491</u>	<u>\$ 321,553</u>	<u>\$ 833,367</u>

The accompanying notes are an integral part of this statement.



FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Consolidated Statement of Cash Flows  
Year Ended August 31, 2020

Cash flows from operating activities:	
Decrease in net assets	\$ (29,414)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	18,732
Changes in current assets and liabilities -	
Increase in receivables	(2,263)
Increase in prepaid items	(61,039)
Increase in inventory	(22,407)
Increase in accrued liabilities	<u>53,990</u>
Net cash used by operating activities	<u>(42,401)</u>
Cash flows from capital and related financing activities:	
Principal paid on note payable	(22,936)
Proceeds from short-term notes payable	69,022
Purchase of property and equipment	<u>(3,706)</u>
Net cash provided by capital and related financing activities	<u>42,380</u>
Net decrease in cash and cash equivalents	(21)
Cash and cash equivalents, beginning of year	<u>788,549</u>
Cash and cash equivalents, end of year	<u>\$ 788,528</u>
Supplemental information:	
Interest paid	<u>\$ 10,212</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization and Purpose

Festival International de Louisiane, Inc. (Organization) is a nonprofit corporation organized under the laws of the State of Louisiana on September 2, 1986, for the purpose of producing a Francophone festival of performing and visual arts.

Festival International de Louisiane Land Holdings, LLC, a sole member limited liability company, was created by Festival International de Louisiane, Inc. in fiscal year 2017 as a separate entity for acquiring a commercial real estate building to facilitate operations. Festival International de Louisiane Land Holdings, LLC is wholly owned by Festival International de Louisiane, Inc. and, as such, is consolidated in these financial statements.

B. Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as net assets without donor restrictions or net assets with donor restrictions.

C. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the date of acquisition to be cash equivalents.

D. Grants Receivable

Grants receivable are recognized only to the extent that related expenses have been incurred.

E. Property and Equipment

The Organization's capitalization policy is \$500 for property and equipment recorded at cost, if purchased, or at estimated fair value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed asset must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the useful lives of the assets. Depreciation is computed by the straight-line method at rates based the following estimated useful lives:

	<u>Years</u>
Furniture	3-5
Equipment	3-7
Buildings	40

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Notes to Consolidated Financial Statements

F. Revenue and Expense Recognition

The Organization's main source of revenue is from contributions and proceeds from the festival. Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases net assets with donor restrictions. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are 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 restriction.

G. Functional Allocation of Expenses

The costs of providing the various programs and services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

H. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

I. Compensated Absences

The Organization allows employees annual leave based on years of service. Annual leave must be taken during the year and is not cumulative.

J. Advertising Costs

Advertising costs are expensed in the year in which they are incurred. Advertising expense for the year ended August 31, 2020 was \$226,981.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Notes to Consolidated Financial Statements

K. Donated Materials and Services

The Organization receives a significant amount of donated services from unpaid volunteers who assist in program services during the year. These donated services are not reflected in the statement of activities because the criteria for recognition under professional standards have not been satisfied. Donations meeting the criteria are recorded at estimated fair value as follows:

Program Services:	
Production-	
Rental of property and equipment	\$ 12,500
Hospitality and other	<u>27,705</u>
	<u>40,205</u>
Marketing and Promotion:	
Advertising	<u>191,928</u>
Total donated materials and services	<u><u>\$ 232,133</u></u>

L. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(2) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of August 31, 2020, reduced by amounts not available for general use because of contractual restrictions or Board designations within one year of the statement of financial position date.

Financial assets at August 31, 2020:	\$ 798,528
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 798,528</u></u>

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Notes to Consolidated Financial Statements

(3) Property and Equipment

Property and equipment consist of the following as of August 31, 2020:

Land	\$ 169,009
Buildings	422,582
Furniture and equipment	<u>49,218</u>
Total	640,809
Less: Accumulated depreciation	<u>(62,414)</u>
Property and equipment, net	<u>\$ 578,395</u>

Depreciation expense for the year ended August 31, 2020 was \$18,732.

(4) Short-term Notes Payable

As a result of the unprecedented economic disruption experienced due to the Coronavirus (COVID-19) outbreak, the CARES Act was passed and signed into law on March 27, 2020. This law provides several coronavirus relief options available to small businesses and nonprofit organizations including the Paycheck Protection Program (PPP). The PPP, administered by the Small Business Administration (SBA), is designed to provide a direct incentive for small businesses to keep their employees on the payroll. SBA will forgive these loans if all employee retention criteria are met and the funds are used for eligible expenses. In May 2020, the Organization received a PPP Loan from Iberia Bank. At August 31, 2020, this loan, totaling \$69,022 and reported as a current liability, is expected to be fully forgiven.

(5) Long-Term Debt

At August 31, 2020 long-term debt was comprised of the following:

Lafayette Public Trust Financing Authority \$550,000 note payable dated February 23, 2017, maturing May 2032. The terms of the loan include principal of \$400,000 bearing interest of 3% per annum and shall be payable in equal monthly installments of principal and interest in the amount of \$2,762 for a term of 180 months. Provided that all loan terms are met, beginning on the eleventh anniversary date of the note, \$30,000 shall be converted to a grant for each of the remaining years, for a total of \$150,000.

\$ 477,902

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Notes to Consolidated Financial Statements

The maturities of long-term debt are as follows:

<u>Year ending August 31,</u>	<u>Principal</u>
2021	\$ 23,634
2022	24,353
2023	25,094
2024	25,857
2025	26,643
Thereafter	<u>352,321</u>
Total	<u>\$ 477,902</u>

(6) Litigation and Claims

The Organization was a defendant in a lawsuit filed by an individual alleging personal injury and damages. In December 2019, the case was dismissed by the Judge. Therefore, no amounts related to this matter are reflected in the financial statements at August 31, 2020.

(7) Sales (Net of Direct Expenses)

The following is a schedule of the gross sales revenues and the related cost of revenues for the year ended August 31, 2020.

Gross sales revenue	\$ 96,680
Cost of revenues	<u>(33,084)</u>
Net sales revenue	<u>\$ 63,596</u>

(8) Related Party Transaction

During the fiscal year, the Organization purchased merchandise inventory in the amount of \$17,376 from Parish Ink, LLC, which is owned by a Board Member.

(9) Risk Management

The Organization is exposed to risks of loss in the areas of health care, general liability, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage the past three years.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Notes to Consolidated Financial Statements

(10) Concentration of Credit Risk

The Organization maintains cash account balances at financial institutions, which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At August 31, 2020, the Organization's cash balances (bank balances) exceeded the federally insured limit by approximately \$599. The Organization has not experienced any loss on such deposits.

(11) Schedule of Compensation, Benefits, and Other Payments to Agency Head

The Organization's agency head did not receive any compensation, benefits, or other payments from public funds.

(12) Fair Value Measurements

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, long-term debt, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

(13) Risks and Uncertainties

Subsequent to February 28, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and many government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the Organization as of August 31, 2020, management does not believe that a material impact on the Organization's financial position and results of future operations is reasonably possible.

(14) Subsequent Events

Subsequent events have been evaluated through February 12, 2021, the date which the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**



FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Consolidating Statement of Financial Position  
August 31, 2020

	<u>Festival International de Louisiane, Inc.</u>	<u>Festival International de Louisiane Land Holdings, LLC</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 788,528	\$ -	\$ -	\$ 788,528
Receivables-				
Other	10,000	-	-	10,000
Inventory	<u>36,405</u>	<u>-</u>	<u>-</u>	<u>36,405</u>
Total current assets	<u>834,933</u>	<u>-</u>	<u>-</u>	<u>834,933</u>
Property and equipment, net	<u>62,730</u>	<u>515,665</u>	<u>-</u>	<u>578,395</u>
Other assets:				
Prepaid items	63,958	-	-	63,958
Trademark	<u>590</u>	<u>-</u>	<u>-</u>	<u>590</u>
Total other assets	<u>64,548</u>	<u>-</u>	<u>-</u>	<u>64,548</u>
Total assets	<u>\$ 962,211</u>	<u>\$ 515,665</u>	<u>\$ -</u>	<u>\$ 1,477,876</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accrued liabilities	\$ 67,130	\$ -	\$ -	\$ 67,130
Short-term notes payable	69,022	-	-	69,022
Current maturities of long-term debt	<u>-</u>	<u>23,634</u>	<u>-</u>	<u>23,634</u>
Total current liabilities	136,152	23,634	-	159,786
Noncurrent liabilities:				
Long-term debt, less current maturities	<u>-</u>	<u>454,268</u>	<u>-</u>	<u>454,268</u>
Total liabilities	136,152	477,902	-	614,054
Net assets:				
Without donor restrictions	<u>826,059</u>	<u>37,763</u>	<u>-</u>	<u>863,822</u>
Total liabilities and net assets	<u>\$ 962,211</u>	<u>\$ 515,665</u>	<u>\$ -</u>	<u>\$ 1,477,876</u>

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Consolidating Statement of Activities  
Year Ended August 31, 2020

	Without Donor Restrictions			Consolidated
	Festival International de Louisiane, Inc.	Festival International de Louisiane Land Holdings, LLC	Eliminations	
Support-				
Contributions	\$ 375,151	\$ -	\$ -	\$ 375,151
Grants	92,069	-	-	92,069
Fundraising	33,204	-	-	33,204
In-kind contributions	232,133	-	-	232,133
Total unrestricted support	<u>732,557</u>	<u>-</u>	<u>-</u>	<u>732,557</u>
Revenue-				
Sales, net of direct expenses	63,596	-	-	63,596
Interest	4,869	-	-	4,869
Rental income	-	33,148	(33,148)	-
Miscellaneous	2,931	-	-	2,931
Total unrestricted revenue	<u>71,396</u>	<u>33,148</u>	<u>(33,148)</u>	<u>71,396</u>
Total support and revenue	<u>803,953</u>	<u>33,148</u>	<u>(33,148)</u>	<u>803,953</u>
Expenses-				
Program services:				
Programming	95,194	-	-	95,194
Production	125,522	-	-	125,522
Marketing and promotion	291,098	-	-	291,098
Total program services	<u>511,814</u>	<u>-</u>	<u>-</u>	<u>511,814</u>
Supporting services:				
Management and general	178,433	20,777	(33,148)	166,062
Fundraising	155,491	-	-	155,491
Total supporting services	<u>333,924</u>	<u>20,777</u>	<u>(33,148)</u>	<u>321,553</u>
Total expenses	<u>845,738</u>	<u>20,777</u>	<u>(33,148)</u>	<u>833,367</u>
Change in net assets	(41,785)	12,371	-	(29,414)
Net assets, beginning of year	<u>867,844</u>	<u>25,392</u>	<u>-</u>	<u>893,236</u>
Net assets, end of year	<u>\$ 826,059</u>	<u>\$ 37,763</u>	<u>\$ -</u>	<u>\$ 863,822</u>

**INTERNAL CONTROL,  
COMPLIANCE  
AND OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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Victor R. Slaven, CPA\* - retired 2020

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## 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*

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To the Board of Directors  
Festival International de Louisiane, Inc.  
Lafayette, 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 consolidated financial statements of Festival International de Louisiane, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of August 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 12, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Festival International de Louisiane, Inc.'s internal control over financial reporting (internal control) to determine the 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 Festival International de Louisiane, Inc.'s internal control. Accordingly, we 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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2020-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Festival International de Louisiane, Inc.'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 determination of financial statement amounts. 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*.

## **Festival International de Louisiane, Inc.'s Response to Findings**

The Organization's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

## **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 suited for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
February 12, 2021

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended August 31, 2020

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2013

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the Organization does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Organization has evaluated processes within the accounting system and has reassigned incompatible duties among different employees to ensure that a single employee does not have control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) record keeping; and (4) reconciliation.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.  
Lafayette, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended August 31, 2020

B. Compliance

There were no compliance findings.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2019-001      Inadequate Segregation of duties

CONDITION: The Organization did not have adequate segregation of functions within the accounting system.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation..

CURRENT STATUS: Unresolved. See item 2020-001.