



arts council
GREATER BATON ROUGE

Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2021

ARTS COUNCIL OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

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June 30, 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Arts Council of Greater Baton Rouge, Inc.
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Arts Council of Greater Baton Rouge, Inc. (a non-profit corporation) (the Council), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 the 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 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 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 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 the Arts Council of Greater Baton Rouge, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits and Other Payments to the Agency Head are presented for purposes of additional analysis and are 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.

We have previously audited the Arts Council of Greater Baton Rouge, Inc.'s June 30, 2020 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 13, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements for which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2021 on our consideration of the Arts Council of Greater Baton Rouge, Inc.'s internal control over financial reporting and 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 the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Daigrepont & Brian, APAC
Baton Rouge, LA

December 16, 2021

ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2021

(with comparative amounts for 2020)

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 442,162	\$ 510,392
Investments	8,546	-
Receivables:		
Grants and other, net	152,509	160,041
Pledges	853,660	-
Prepaid expenses	<u>67,387</u>	<u>9,365</u>
Total current assets	1,524,264	679,798
FIXED ASSETS, net	2,337,482	194,384
RESTRICTED CASH	<u>342,595</u>	<u>898,424</u>
Total assets	<u>\$ 4,204,341</u>	<u>\$ 1,772,606</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 111,680	\$ 98,192
Accrued expenses	27,906	48,222
Deferred revenues	<u>314,048</u>	<u>250,769</u>
Total current liabilities	453,634	397,183
LONG-TERM LIABILITIES		
Note payable - construction loan	1,033,025	-
Note payable - Payroll Protection Program	<u>-</u>	<u>112,107</u>
Total long-term liabilities	1,033,025	112,107
Total liabilities	<u>1,486,659</u>	<u>509,290</u>
NET ASSETS		
Without donor restrictions	1,616,065	412,475
With donor restrictions	<u>1,101,617</u>	<u>850,841</u>
Total net assets	<u>2,717,682</u>	<u>1,263,316</u>
Total liabilities and net assets	<u>\$ 4,204,341</u>	<u>\$ 1,772,606</u>

The accompanying notes to financial statements
are an integral part of this statement.

ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

STATEMENT OF ACTIVITIESFor the year ended June 30, 2021
(with summarized comparative amounts for 2020)

	Without donor restrictions	With donor restrictions	Total	
			2021	2020
SUPPORT AND REVENUES				
Contributions				
Fundraisers and gifts	\$ 10,301	\$ 1,356,239	\$ 1,366,540	\$ 1,088,260
In-kind	6,650	-	6,650	70,809
	<u>16,951</u>	<u>1,356,239</u>	<u>1,373,190</u>	<u>1,159,069</u>
Grants and Contractual Services				
State of Louisiana	239,270	-	239,270	252,251
School System and Library	109,974	-	109,974	107,177
Other	433,782	-	433,782	206,199
	<u>783,026</u>	<u>-</u>	<u>783,026</u>	<u>565,627</u>
Other				
Programs	301,659	129,567	431,226	573,088
Special events	61,647	-	61,647	127,431
Membership	124,293	-	124,293	90,087
Interest	586	-	586	1,046
Rents, sale of artwork, and other income	33,193	-	33,193	45,321
	<u>521,378</u>	<u>129,567</u>	<u>650,945</u>	<u>836,973</u>
Total support and revenues	<u>1,321,355</u>	<u>1,485,806</u>	<u>2,807,161</u>	<u>2,561,669</u>
Change in net assets restrictions:				
Released from restrictions	<u>1,235,030</u>	<u>(1,235,030)</u>	<u>-</u>	<u>-</u>
Total support, revenues and net assets released from restriction	<u>2,556,385</u>	<u>250,776</u>	<u>2,807,161</u>	<u>2,561,669</u>
EXPENSES				
Programs:				
Educational	244,089	-	244,089	252,316
Community outreach	310,329	-	310,329	516,458
Regranting	-	-	-	12,551
Fundraising	650	-	650	8,244
General and administrative	909,834	-	909,834	852,153
	<u>1,464,902</u>	<u>-</u>	<u>1,464,902</u>	<u>1,641,722</u>
Total expenses	<u>1,464,902</u>	<u>-</u>	<u>1,464,902</u>	<u>1,641,722</u>
Change in net assets from operations	1,091,483	250,776	1,342,259	919,947
NON-OPERATING				
Forgiveness of debt - Payroll Protection Program	<u>112,107</u>	<u>-</u>	<u>112,107</u>	<u>-</u>
Change in net assets	1,203,590	250,776	1,454,366	919,947
NET ASSETS				
Beginning of period	<u>412,475</u>	<u>850,841</u>	<u>1,263,316</u>	<u>343,369</u>
End of period	<u>\$ 1,616,065</u>	<u>\$ 1,101,617</u>	<u>\$ 2,717,682</u>	<u>\$ 1,263,316</u>

The accompanying notes to financial statements
are an integral part of this statement.

ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021
(with summarized comparative amounts for 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,454,366	\$ 919,947
Adjustments for non-cash items:		
Depreciation	4,192	6,644
Forgiveness of debt - note payable - Payroll Protection Program	(112,107)	-
Donation of stock received	(8,546)	-
Changes in operating assets and liabilities:		
Decrease (Increase) in receivables	(846,128)	(44,950)
(Increase) Decrease in prepaid expenses	(58,022)	8,112
(Decrease) Increase in accounts payable and accrued expenses	(6,828)	80,105
Increase in deferred revenues	<u>63,279</u>	<u>49,900</u>
Net cash provided by operating activities	<u>490,206</u>	<u>1,019,758</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in certificates of deposit	-	83,204
Purchase of fixed assets	<u>(2,147,290)</u>	<u>(191,251)</u>
Net cash used by investing activities	<u>(2,147,290)</u>	<u>(108,047)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	1,033,025	-
Proceeds from note payable - Payroll Protection Program	<u>-</u>	<u>112,107</u>
Net cash provided by financing activities	<u>1,033,025</u>	<u>112,107</u>
Net (decrease) increase in cash	(624,059)	1,023,818
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,408,816</u>	<u>384,998</u>
End of year	<u>\$ 784,757</u>	<u>\$ 1,408,816</u>
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash	442,162	510,392
Restricted cash	<u>342,595</u>	<u>898,424</u>
Total cash	<u>\$ 784,757</u>	<u>\$ 1,408,816</u>

The accompanying notes to financial statements
are an integral part of this statement.

ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021
(with summarized comparative amounts for 2020)

	Program				Fundraising	General and Administrative	Total	
	Educational	Community Outreach	Regranting	Total Program			2021	2020
EXPENSES								
Salaries and wages	\$ 71,800	\$ 114,930	\$ -	\$ 186,730	\$ -	\$ 314,234	\$ 500,964	\$ 643,381
Payroll taxes and benefits	10,821	17,321	-	28,142	-	47,359	75,501	82,835
Regranting	-	18,845	-	18,845	-	239,270	258,115	264,802
Professional services	5,960	1,000	-	6,960	-	222,240	229,200	96,817
Artists	127,842	71,063	-	198,905	-	-	198,905	219,309
Contract labor	11,255	24,642	-	35,897	650	4,185	40,732	32,658
Small tools and equipment	-	6,685	-	6,685	-	16,137	22,822	11,456
Dues and subscriptions	170	1,281	-	1,451	-	15,792	17,243	13,773
Equipment rental	-	16,016	-	16,016	-	-	16,016	16,118
Materials and supplies	2,396	9,919	-	12,315	-	2,666	14,981	51,275
Insurance	-	-	-	-	-	12,702	12,702	13,464
Honorariums	9,100	3,450	-	12,550	-	-	12,550	13,987
Telephone	-	-	-	-	-	8,400	8,400	8,332
Printing	-	2,580	-	2,580	-	4,272	6,852	7,255
Postage	-	5,028	-	5,028	-	1,716	6,744	1,195
Awards	-	6,490	-	6,490	-	-	6,490	343
In-kind	-	6,050	-	6,050	-	-	6,050	-
Bank charges	-	911	-	911	-	4,224	5,135	5,542
Marketing	1,900	925	-	2,825	-	2,268	5,093	77,506
Repairs and maintenance	-	-	-	-	-	4,353	4,353	3,722
Depreciation	-	-	-	-	-	4,192	4,192	6,644
Travel and meals	2,845	1,041	-	3,886	-	2,532	6,418	35,006
Administrative expense	-	78	-	78	-	1,966	2,044	-
Hospitality	-	1,158	-	1,158	-	463	1,621	4,274
Commissions - sale of art	-	781	-	781	-	-	781	5,825
Meetings	-	-	-	-	-	440	440	855
Sales tax	-	10	-	10	-	205	215	-
Conferences and training	-	-	-	-	-	165	165	2,355
Bad debt	-	125	-	125	-	-	125	5,100
Charitable contributions	-	-	-	-	-	53	53	-
Other programatic	-	-	-	-	-	-	-	16,900
Computer services and subscriptions	-	-	-	-	-	-	-	592
Licensing fees	-	-	-	-	-	-	-	401
Total expenses	\$ 244,089	\$ 310,329	\$ -	\$ 554,418	\$ 650	\$ 909,834	\$ 1,464,902	\$ 1,641,722

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

ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

The Arts Council of Greater Baton Rouge, Inc. (the Council) was founded in 1973 to serve the City of Baton Rouge, East Baton Rouge Parish, and surrounding parishes. The mission of the Council is to foster the creative capacity and vibrancy of the capital region through advocacy, resources, and education through promoting cultural diversity and encouraging individual and community involvement in the arts.

Basis of presentation

The financial statements of the Council have been prepared on the accrual basis in accordance with United States of America generally accepted accounting principles (U.S. GAAP). The significant accounting policies are described below to enhance the usefulness of the financial statements.

The Council reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without restrictions.

- *Net Assets Without Donor Restrictions* – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
- *Net Assets With Donor Restrictions* – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

The financial statements include certain summarized comparative information in total, but not by net asset class, for the year ended June 30, 2021. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

The statement of activities presents expenses of the Council's operations functionally by programs and development, special events, and general and administrative.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used primarily when accounting for prepaid assets, depreciation, deferred revenues and in-kind revenues and expenses. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

The Council considers all highly liquid investments, money market funds, and certificates of deposit with a maturity of three months or less at the date of acquisition to be cash equivalents.

Investment valuation

Financial Accounting Standards Board (FASB) Accounting Standards Codification, (ASC 820), establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs (sources of pricing information) to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable and significant to the fair value measurement.

Investments are recorded at fair market value with Level 1 inputs.

Fair value of financial instruments

The carrying value of receivables, accounts payable, accrued expenses, and deferred revenue approximates fair value due to the short-term maturity of these instruments. None of the financial instruments are held for trading purposes.

Promises to give and revenue recognition

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional or when cash is received. Unconditional contributions with donor restrictions are reported as increases in net assets with donor restrictions and are internally tracked as purpose restricted or time restricted, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to give and revenue recognition (continued)

Unconditional pledges receivable are recognized as revenue in the period received. Pledges receivable are recorded at net realizable value if they are expected to be collected in one year and at fair value if they are expected to be collected in more than one year. Conditional pledges are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Allowance for uncollectible pledges and receivables

An allowance for uncollectible pledges is recorded based on prior years' experience and management's analysis of specific pledges. At June 30, 2021, there was no allowance for uncollectible pledges and no receivables were outstanding for longer than 90 days. To the extent that amounts reserved are collected, the subsequent year's commitment to participating arts organizations is increased.

The Council does not require collateral on its receivables. At June 30, 2021, there was no allowance for uncollectible receivables, since the only receivables outstanding longer than 90 days have been collected in the first two months of Fiscal Year 2022. These receivables relate primarily to art education contracts.

Grant recognition

Grants that represent exchange transactions are recorded as a receivable when the grant is formally committed. Grants committed at year end which are applicable to the subsequent fiscal period are included in grants receivable and deferred income. Furthermore, the Council is advanced funds from governmental agencies; such advances are recorded as deferred income until earned.

The Council receives grants which apply to programs whose duration extends into the subsequent year. Revenue is recognized on these grants each fiscal year based on a ratio of expenses incurred during the year to the total projected expenses of the program. At year-end, the unexpended portion of the grant is deferred. In the case of grants received for general operations that apply to a designated time period, income is recognized on a pro-rata basis. Grants that represent contributed support are recognized in the same manner as promises to give.

Contractual services

The Council contracts with local municipalities and school systems to provide educational services and cultural development to residents and school children, organizations, and the community. The Council records contractual services as receivables at the time the services are provided to the recipients.

Equipment

Equipment is recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vacation leave

Vacation leave is earned at varying rates of two to three weeks per year depending on length of service. A maximum of ten days of unused vacation leave can be carried over at December 31st. Accordingly, vacation leave of \$6,471 has been accrued as of June 30, 2021.

Functional expenses

The financial statements report certain expense categories that are attributable to more than one service or support function. Program service expenses, fundraising, and management and general expenses are based on specific identification of the direct costs. Costs not directly attributable to a function, including depreciation, amortization, interest, and other occupancy costs, are allocated to general and administrative expenses. Salaries are allocated based on estimated time spent for each function.

Net assets with donor restrictions

During 2021, changes in net assets with donor restrictions were as follows:

	Beginning of Year	Increases	Decreases	End of Year
Contributed support grants:				
Taking Shape Capital Campaign	\$ 718,094	\$ 1,305,982	\$ (1,170,416)	\$ 853,660
Building Stabilization Fund	102,133	50,257	-	152,390
CERF+ Grant	19,213	37,292	(1,356)	55,149
Heart Trail	-	32,500	(12,187)	20,313
Heart of the Story	7,189	23,855	(13,657)	17,387
Richardson Dufour Scholarship	2,918		(200)	2,718
Derek E Gordon Memorial Fund	1,294	-	(1,294)	-
Art Education	-	18,020	(18,020)	-
Ebb & Flow Festival	-	7,500	(7,500)	-
Creative Aging	-	5,400	(5,400)	-
Community Schools for the Arts	-	5,000	(5,000)	-
	<u>\$ 850,841</u>	<u>\$ 1,485,806</u>	<u>\$ (1,235,030)</u>	<u>\$ 1,101,617</u>

The contributions generated above are designated to fund operations of participating arts organizations or have restrictions as stipulated by donors or in the grant agreements. When the related purpose restriction is satisfied, these net assets with donor restrictions are released to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-exempt status

The Council is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Council's open audit periods are 2018 through 2021.

In-kind services

Material in-kind items used in the Council's special events are recorded as revenues and expenses when received. The Council recognized \$6,650 of donated services for the year ended June 30, 2021.

A substantial number of unpaid volunteers have made a significant contribution of their time to develop the Council's programs, principally in fund raising activities, educational projects, operations, and board participation. The value of this donated time is not reflected in these statements since such services do not meet the requirements for recognition under United States of America generally accepted accounting principles.

Subsequent events

In preparing the financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through December 16, 2021, which was the date the financial statements were available to be issued.

New accounting pronouncement

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This standard adds, modifies, and removes several disclosure requirements relative to the three levels of inputs used to measure fair value in accordance with Topic 820. This amendment was effective for fiscal years beginning after December 15, 2019 with early adoption permitted. The guidance was adopted for the year ended June 30, 2021 and did not have a material effect on the Council's financial statements and related disclosures.

NOTE 3 - PROMISES TO GIVE

Unconditional promises to give consist of the following as of June 30, 2021:

	<u>Amount</u>
Receivable in less than one year	\$ 259,653
Receivable in one to five years	<u>594,007</u>
Total	<u>\$ 853,660</u>

NOTE 3 - EQUIPMENT

Equipment of \$61,691 has an estimated service life of three to five years with accumulated depreciation of \$49,923 and a net value of \$11,768 at June 30, 2021. Depreciation expense was \$4,192 for 2021. Additionally, the Council has construction in process of \$2,325,714 related to improvements of a building that will be redesigned into a new community art center and corporate office in downtown Baton Rouge.

NOTE 4 - DEFERRED REVENUE

During 2021, changes in deferred revenue were as follows:

	Beginning of Year	Increases	Decreases	End of Year
Community School for the Arts	\$ 70,000	\$ 75,000	\$ (75,000)	\$ 70,000
LPG Regranting	51,901	149,358	(184,501)	16,758
City Parish Operating Grants	32,045	108,700	(109,950)	30,795
PAG Regranting	26,868	16,250	(43,118)	-
Sunday in the Park	20,000	50,500	(30,500)	40,000
Arts Summit	16,000	25,000	(16,000)	25,000
Lamar	13,956	40,000	-	53,956
Camps	10,000	34,980	(44,980)	-
Library	9,999	67,196	(51,647)	25,548
River City Jazz Masters	-	20,000	(20,000)	-
MPAC	-	10,000	-	10,000
Blues Festival	-	50,000	(37,500)	12,500
Ebb & Flow	-	65,936	(38,945)	26,991
Other Programs	-	2,500	-	2,500
	<u>\$ 250,769</u>	<u>\$ 715,420</u>	<u>\$ (652,141)</u>	<u>\$ 314,048</u>

NOTE 4 - NOTE PAYABLE - PAYROLL PROTECTION PROGRAM

Paycheck Protection Program (PPP)

On May 1, 2020, the Council received loan proceeds in the amount of \$112,107 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act Funding (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest may be forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, certain employee benefits, rent and utilities, and maintains certain payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

NOTE 5 - NOTE PAYABLE - PAYROLL PROTECTION PROGRAM (CONTINUED)

Paycheck Protection Program (PPP) (Continued)

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. The Council intends to use the proceeds for purposes consistent with the PPP and believes that its use of the loan proceeds will meet the conditions for forgiveness.

On April 9, 2021, the Council was granted full forgiveness for the loan proceeds received under the PPP in the amount of \$112,107.

NOTE 6 - NOTE PAYABLE

In June 2020, the Capital Area Finance Authority (CAFA) issue a note payable for the construction and/or renovation of a facility that is occupied rent-free from the City-Parish of East Baton Rouge in an amount of up to \$2.4 million dollars.

Upon completion of the construction/renovation of the facility, the Council is required to pay CAFA installment payments equal to 90% of the designated capital campaign contributions received in the prior month toward the outstanding loan balance, plus interest of 3.00%. As of June 30, 2021, the balance of the construction line of credit note payable was \$1,033,025.

The construction/renovation of the facility was completed in August 2021 and payments commenced in September 2021 with total drawdowns on the construction line of credit totaling \$1,676,889.

NOTE 7 - RETIREMENT PLAN

The Council offers retirement benefits through simple individual retirement accounts for eligible employees electing to establish the account. The Council provides matching contributions of 3% of eligible compensation. Participants are fully vested in contributions made to their individual retirement account. During 2021, the Council contributed \$10,302.

NOTE 8 - RISKS AND UNCERTAINTIES

Concentration of credit risk

Financial instruments which subject the Council to concentrations of credit risk consist primarily of cash, cash equivalents, and certificates of deposit. The Council typically maintains these balances in local banks that may, at times, exceed the FDIC limits. Concentrations of credit risk for receivables are generally diversified due to the large number of entities and individuals composing the Council's programs and donor base.

The Council solicits a majority of funds from individual and corporate contributors in the Baton Rouge area and also receives grants from the City of Baton Rouge and the State of Louisiana, which are significant.

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Council's financial assets as of June 30, 2021, excluding amounts not available for general use within one year of the balance sheet date because of contractual or donor-imposed restrictions or internal designations.

	<u>2021</u>
Cash and cash equivalents	\$ 442,162
Restricted cash	324,595
Investments	8,546
Receivables	1,006,169
Less: net asset restrictions for specific purposes	(1,101,617)
Less: deferred revenue restrictions for specific purposes	<u>(16,758)</u>
 Financial assets available to meet cash needs for expenditures within one year	 <u>\$ 681,097</u>

ARTS COUNCIL OF GREATER BATON ROUGE
Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD**

For the fiscal year ended June 30, 2021

Agency Head: Renee Chatelain, President and CEO

No compensation paid from public funds.

See Independent Auditors' Report

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

Board of Directors
Arts Council of Greater Baton Rouge, Inc.
Baton Rouge, 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 Arts Council of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Arts Council of Greater Baton Rouge, 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 Arts Council of Greater Baton Rouge, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Arts Council of Greater Baton Rouge, Inc.'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. 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 Arts Council of Greater Baton Rouge, 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*.

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.

A handwritten signature in black ink that reads "Daigrepoint & Brian APAC". The signature is written in a cursive, flowing style.

Daigrepoint & Brian, APAC
Baton Rouge, LA

December 16, 2021

ARTS COUNCIL OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2021

A) SUMMARY OF AUDIT RESULTS

- The type of report issued on the basic financial statements: **Unmodified opinion**
- Significant deficiencies in internal control disclosed by the audit of the financial statements: **None**
- Material weaknesses in internal control disclosed by the audit of the financial statements: **None**
- Noncompliance which is material to the basic financial statements: **None**
- Findings related to the financial statements reported in accordance with *Government Auditing Standards*: **None**

B) FINDINGS – FINANCIAL STATEMENT AUDIT

There were no findings related to the audit of the financial statements.

ARTS COUNCIL OF GREATER BATON ROUGE, INC.
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 20

A. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year audit findings.