



arts council
GREATER BATON ROUGE

Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2022

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

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June 30, 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Arts Council of Greater Baton Rouge, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arts Council of Greater Baton Rouge, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Arts Council of Greater Baton Rouge, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arts Council of Greater Baton Rouge, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Arts Council of Greater Baton Rouge, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arts Council of Greater Baton Rouge, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Arts Council of Greater Baton Rouge, Inc.'s June 30, 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2022, on our consideration of Arts Council of Greater Baton Rouge, 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 Arts Council of Greater Baton Rouge, 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 Arts Council of Greater Baton Rouge, Inc.'s internal control over financial reporting and compliance.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

November 30, 2022

ARTS COUNCIL OF GREATER BATON ROUGE, INC.

Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2022

(with comparative amounts for 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 727,672	\$ 450,708
Receivables:		
Grants and other, net	173,282	152,509
Pledges	582,910	853,660
Prepaid expenses	<u>17,846</u>	<u>67,387</u>
Total current assets	1,501,710	1,524,264
FIXED ASSETS, net	2,935,768	2,337,482
RESTRICTED CASH	<u>272,726</u>	<u>342,595</u>
Total assets	<u>\$ 4,710,204</u>	<u>\$ 4,204,341</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 30,333	\$ 111,680
Accrued expenses	31,721	27,906
Deferred revenues	<u>192,800</u>	<u>314,048</u>
Total current liabilities	254,854	453,634
LONG-TERM LIABILITIES		
Note payable	<u>1,334,838</u>	<u>1,033,025</u>
Total liabilities	<u>1,589,692</u>	<u>1,486,659</u>
NET ASSETS		
Without donor restrictions	2,636,067	1,616,065
With donor restrictions	<u>484,445</u>	<u>1,101,617</u>
Total net assets	<u>3,120,512</u>	<u>2,717,682</u>
Total liabilities and net assets	<u>\$ 4,710,204</u>	<u>\$ 4,204,341</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 ACTIVITIES

For the year ended June 30, 2022
(with summarized comparative amounts for 2021)

	Without donor restrictions	With donor restrictions	Total	
			2022	2021
SUPPORT AND REVENUES				
Contributions				
Fundraisers and gifts	\$ 138,703	\$ 169,185	\$ 307,888	\$ 1,366,540
In-kind	102,693	-	102,693	6,650
	<u>241,396</u>	<u>169,185</u>	<u>410,581</u>	<u>1,373,190</u>
Grants and Contractual Services				
State of Louisiana	181,769	-	181,769	239,270
School System and Library	162,152	-	162,152	109,974
Other	735,630	2,300	737,930	433,782
	<u>1,079,551</u>	<u>2,300</u>	<u>1,081,851</u>	<u>783,026</u>
Other				
Programs	467,727	107,500	575,227	431,226
Special events	236,504	-	236,504	61,647
Membership	86,613	-	86,613	124,293
Interest	2,397	-	2,397	586
Rents, sale of artwork, and other income	82,588	5,000	87,588	33,193
	<u>875,829</u>	<u>112,500</u>	<u>988,329</u>	<u>650,945</u>
Total support and revenues	<u>2,196,776</u>	<u>283,985</u>	<u>2,480,761</u>	<u>2,807,161</u>
Change in net assets restrictions:				
Released from restrictions	<u>901,157</u>	<u>(901,157)</u>	<u>-</u>	<u>-</u>
Total support, revenues and net assets released from restriction	<u>3,097,933</u>	<u>(617,172)</u>	<u>2,480,761</u>	<u>2,807,161</u>
EXPENSES				
Programs:				
Educational	304,208	-	304,208	244,089
Community outreach	532,419	-	532,419	310,329
Fundraising	10,200	-	10,200	650
General and administrative	1,294,141	-	1,294,141	909,834
	<u>2,140,968</u>	<u>-</u>	<u>2,140,968</u>	<u>1,464,902</u>
Total expenses	<u>2,140,968</u>	<u>-</u>	<u>2,140,968</u>	<u>1,464,902</u>
Change in net assets from operations	956,965	(617,172)	339,793	1,342,259
NON-OPERATING				
Employee retention tax credit	63,037	-	63,037	-
Forgiveness of debt - Payroll Protection Program	-	-	-	112,107
	<u>1,020,002</u>	<u>(617,172)</u>	<u>402,830</u>	<u>1,454,366</u>
Change in net assets	<u>1,020,002</u>	<u>(617,172)</u>	<u>402,830</u>	<u>1,454,366</u>
NET ASSETS				
Beginning of period	<u>1,616,065</u>	<u>1,101,617</u>	<u>2,717,682</u>	<u>1,263,316</u>
End of period	<u>\$ 2,636,067</u>	<u>\$ 484,445</u>	<u>\$ 3,120,512</u>	<u>\$ 2,717,682</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, 2022
(with summarized comparative amounts for 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 402,830	\$ 1,454,366
Adjustments for non-cash items:		
Depreciation	204,787	4,192
Forgiveness of debt - note payable - Payroll Protection Program	-	(112,107)
Changes in operating assets and liabilities:		
Decrease (increase) in receivables	249,977	(846,128)
(Increase) decrease in prepaid expenses	49,541	(58,022)
Decrease in accounts payable and accrued expenses	(77,532)	(6,828)
(Decrease) increase in deferred revenues	<u>(121,248)</u>	<u>63,279</u>
Net cash provided by operating activities	<u>708,355</u>	<u>498,752</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(803,073)</u>	<u>(2,147,290)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	654,355	1,169,853
Payments on note payable	<u>(352,542)</u>	<u>(136,828)</u>
Net cash provided by financing activities	<u>301,813</u>	<u>1,033,025</u>
Net increase (decrease) in cash	207,095	(615,513)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>793,303</u>	<u>1,408,816</u>
End of year	<u>\$ 1,000,398</u>	<u>\$ 793,303</u>
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash	\$ 727,672	\$ 450,708
Restricted cash	<u>272,726</u>	<u>342,595</u>
Total cash	<u>\$ 1,000,398</u>	<u>\$ 793,303</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, 2022
(with summarized comparative amounts for 2021)

EXPENSES	Program				Fundraising	General and Administrative	Total	
	Educational	Community		Total Program			2022	2021
		Outreach						
Personnel costs	\$ 45,273	\$ 219,359	\$ 264,632	\$ -	\$ 420,234	\$ 684,866	\$ 576,465	
Artists	186,793	138,343	325,136	-	22,000	347,136	198,905	
Professional services	-	-	-	-	221,262	221,262	229,200	
Depreciation	-	-	-	-	204,787	204,787	4,192	
Regranting	-	6,655	6,655	-	192,528	199,183	258,115	
Small tools and equipment	20,132	20,978	41,110	-	62,611	103,721	22,822	
Contract labor	7,250	57,067	64,317	10,200	2,225	76,742	40,732	
Marketing	7,897	11,269	19,166	-	36,011	55,177	5,093	
Materials and supplies	10,471	12,965	23,436	-	13,025	36,461	14,981	
Dues and subscriptions	557	3,056	3,613	-	27,830	31,443	17,243	
Travel and meals	2,014	24,147	26,161	-	4,701	30,862	6,418	
Repairs and maintenance	-	85	85	-	27,131	27,216	4,353	
Honorariums	8,200	11,350	19,550	-	1,150	20,700	12,550	
Printing	3,087	6,374	9,461	-	6,291	15,752	6,852	
Insurance	-	-	-	-	13,990	13,990	12,702	
Telephone	-	-	-	-	11,499	11,499	8,400	
Other programmatic	5,057	6,054	11,111	-	-	11,111	-	
Hospitality	4,177	2,403	6,580	-	3,684	10,264	1,621	
Bank charges	-	720	720	-	6,899	7,619	5,135	
Equipment rental	610	5,086	5,696	-	1,430	7,126	16,016	
Computer services and subscriptions	-	144	144	-	4,098	4,242	-	
Commissions - sale of art	-	1,318	1,318	-	2,450	3,768	781	
Awards	-	3,735	3,735	-	-	3,735	6,490	
Administrative expense	194	76	270	-	3,238	3,508	2,044	
Conferences and training	-	-	-	-	2,792	2,792	165	
Charitable contributions	2,000	-	2,000	-	-	2,000	53	
Postage	294	106	400	-	1,567	1,967	6,744	
Meetings	102	336	438	-	493	931	440	
Beverage costs	-	577	577	-	-	577	-	
In-kind	100	-	100	-	200	300	6,050	
Web design	-	216	216	-	-	216	-	
Licensing fees	-	-	-	-	15	15	-	
Sales tax	-	-	-	-	-	-	215	
Bad debt	-	-	-	-	-	-	125	
Total expenses	\$ 304,208	\$ 532,419	\$ 836,627	\$ 10,200	\$ 1,294,141	\$ 2,140,968	\$ 1,464,902	

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, 2022. 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, 2021, from which the summarized information was derived.

The statement of activities presents expenses of the Council's operations functionally by programs and development, fundraising, 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 receivables, prepaid assets, depreciation,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

deferred revenues and in-kind revenues and expenses. Actual results could differ from those estimates.

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, 2022, there was an outstanding balance of \$16,188 over 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, 2022, there was no allowance for uncollectible receivables, since the only receivables outstanding have been collected in the first two months of the fiscal year ended June 30, 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 \$7,323 has been accrued as of June 30, 2022.

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 2022, 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	\$ 853,660	\$ 122,871	\$ (834,107)	\$ 142,424
Building Stabilization Fund	152,390	46,314	-	198,704
CERF+ Grant	55,149	42,500	(11,064)	86,585
Heart Trail	20,313	27,500	(21,231)	26,582
Heart of the Story	17,387	-	-	17,387
Richardson Dufour Scholarship	2,718	-	-	2,718
Creative Aging	-	10,000	(4,955)	5,045
Saurage Crespo Award	-	5,000	-	5,000
Art Education	-	25,000	(25,000)	-
Art Flow	-	2,500	(2,500)	-
Art Camps & Classes	-	2,300	(2,300)	-
	<u>\$ 1,101,617</u>	<u>\$ 283,985</u>	<u>\$ (901,157)</u>	<u>\$ 484,445</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 2019 through 2022.

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 \$102,693 of donated services for the year ended June 30, 2022.

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 November 30, 2022, which was the date the financial statements were available to be issued.

Recently adopted accounting standard

As of July 1, 2021, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The Organization's adoption of ASU No. 2020-07 did not result in any adjustments to their financial statement presentation.

NOTE 2 - PROMISES TO GIVE

Unconditional promises to give consist of the following as of June 30, 2022:

	<u>Amount</u>
Receivable in less than one year	\$ 250,646
Receivable in one to five years	<u>332,264</u>
Total	<u>\$ 582,910</u>

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment, related service lives, and accumulated depreciation at June 30, 2022 are as follows:

	Estimated Service Lives	2022
Furniture and equipment	5 - 10 years	25,587
Vehicles	3 - 5 years	284,678
Building improvements	3 - 5 years	2,844,178
		3,154,443
Accumulated depreciation		(218,675)
Property and equipment, net		\$ 2,935,768

Depreciation expense was \$204,787 for the year ended June 30, 2022.

NOTE 4 - DEFERRED REVENUE

During 2022, changes in deferred revenue were as follows:

	Beginning of Year	Increases	Decreases	End of Year
Community School for the Arts	\$ 70,000	\$ 80,000	\$ (75,000)	\$ 75,000
LPG Regranting	16,758	156,858	(132,827)	40,789
City Parish Operating Grants	30,795	123,180	(123,180)	30,795
Sunday in the Park	40,000	40,000	(60,000)	20,000
Lamar Grant	53,956	12,500	(50,442)	16,014
Library	25,548	90,607	(105,953)	10,202
Ebb & Flow	26,991	52,000	(78,991)	-
Arts Summit	25,000	15,458	(40,458)	-
Blues Festival	12,500	50,000	(62,500)	-
MPAC	10,000	70,074	(80,074)	-
Other Programs	2,500	-	(2,500)	-
	\$ 314,048	\$ 690,677	\$ (811,925)	\$ 192,800

NOTE 5 - NOTE PAYABLE

In June 2020, the Capital Area Finance Authority (CAFA) issued 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, 2022, the balance of the construction line of credit note payable was \$1,334,838.

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 6 - 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 2022, the Council contributed \$10,291.

NOTE 7 - 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.

Employee retention tax credit

Under the recently enacted American Rescue Plan Act and previously under the Consolidated Appropriations Act, the Council became eligible to apply for the employee retention tax credits (ERTC), a provision of the CARES Act. It can be claimed through September 30, 2021 by eligible employers who retained employees during the COVID-19 pandemic. Employers are eligible for the credit if they experienced either a full or partial suspension of operations during any calendar quarter because of governmental orders due to the pandemic or a significant decline in gross receipts based on comparing quarterly revenue results for 2020 and/or 2021 with the comparable quarter in 2019. The ERTC is a refundable credit that the Council can claim on qualified wages paid to employees, including certain health insurance costs. The Council received a refund claim for \$63,037 with the Internal Revenue Service for the year ended June 30, 2022.

NOTE 8 - DONATED SERVICES AND ASSETS

The Council received the following contributions of nonfinancial assets for the year ending June 30:

	<u>2022</u>
Capitalized equipment	\$ 75,000
Professional services	16,600
Advertising	5,075
Venue and equipment rental	5,768
Meals	<u>250</u>
	<u>\$ 102,693</u>

Purchase discounts, contributed gift cards, food and supplies received by the Organization are recorded as in-kind contribution revenue with a corresponding increase to food and beverage item or supplies expense.

The Council utilized valuation methods during the year ended June 30, 2022 based upon the valuation of the gift cards, food and beverage items and/or supplies provided by the donor.

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization receives contributed banking and event security services that are reported using current rates for similar services. The Council also receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statements of activities for these fundraising and special projects services because the criteria for recognition have not been satisfied.

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Council's financial assets as of June 30, 2022, 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>2022</u>
Cash and cash equivalents	\$ 727,672
Restricted cash	272,726
Receivables	756,192
Less: net asset restrictions for specific purposes	(484,445)
Less: deferred revenue restrictions for specific purposes	<u>(40,789)</u>
 Financial assets available to meet cash needs for expenditures within one year	 <u>\$ 1,231,356</u>

SUPPLEMENTARY SCHEDULE

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, 2022

Agency Head: Renee Chatelain, President and CEO

No compensation paid from public funds.

**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, LA

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, 2022, 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 November 30, 2022.

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

November 30, 2022

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

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2022

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, 2021

A. FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year audit findings.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Arts Council of Greater Baton Rouge, Inc.'s management is responsible for those C/C areas identified in the SAUPs.

Arts Council of Greater Baton Rouge, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: No exceptions noted as a result of applying this procedure.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Results: No exceptions noted as a result of applying this procedure.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted as a result of applying this procedure.

Collections (excluding electronic funds transfers)

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management’s representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management’s representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- 6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions noted as a result of applying this procedure.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

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

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: No exceptions noted as a result of applying this procedure.

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

10. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
11. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
12. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature

of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Results: No exceptions noted as a result of applying this procedure.

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

13. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions noted as a result of applying this procedure.

Contracts

14. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management’s representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner’s contract, and:
- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted as a result of applying this procedure.

Payroll and Personnel

15. Obtain a listing of employees and officials employed during the fiscal period and management’s representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
16. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). Observe whether supervisors approved the attendance and leave of the selected employees or officials.
 - b) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - c) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
17. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
18. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted as a result of applying this procedure.

Ethics

19. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results: Arts Council of Greater Baton Rouge, Inc. is a nonprofit organization so this procedure does not apply.

Debt Service

20. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
21. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Arts Council of Greater Baton Rouge, Inc. is a nonprofit organization so this procedure does not apply.

Fraud Notice

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

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

Results: No exceptions noted as a result of applying this procedure.

Information Technology Disaster Recovery/Business Continuity

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

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

Sexual Harassment

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

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

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

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

Results: Arts Council of Greater Baton Rouge, Inc. is a nonprofit organization so this procedure does not apply.

We were engaged by Arts Council of Greater Baton Rouge, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to

and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Arts Council of Greater Baton Rouge, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

A handwritten signature in cursive script that reads "Daigrepont & Brian APAC".

Daigrepont & Brian, APAC
Baton Rouge, LA

November 30, 2022