



Red River Revel Arts Festival

FINANCIAL STATEMENTS

December 31, 2022

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REPORT





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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Red River Revel Arts Festival

Opinion

We have audited the accompanying financial statements of the Red River Revel Arts Festival (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 referred to above present fairly, in all material respects, the financial position of the Red River Revel Arts Festival as of December 31, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Red River Revel Arts Festival 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 opinion.

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 the Red River Revel Arts Festival's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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, 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 the Red River Revel'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 the Red River Revel Arts Festival'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 Supplementary 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 Agency Head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana

July 20, 2023



FINANCIAL STATEMENTS



**Red River Revel Arts Festival
Statement of Financial Position**

<i>December 31,</i>	2022
Assets	
Current assets	
Cash and cash equivalents	\$ 482,711
Grants and contributions receivable	24,763
Other assets	13,870
Total current assets	521,344
Non-current assets	
Property and equipment - net	-
Beneficial interest in assets of foundation	236,902
Restricted cash - endowment	1,956
Total non-current assets	238,858
Total assets	\$ 760,202
 Liabilities and Net Assets	
Current liabilities	
Accounts payable	\$ 33,217
Accrued liabilities	11,267
Performance obligation liabilities	200
Total current liabilities	44,684
Total liabilities	44,684
Net assets	
Without donor restrictions	476,660
With donor restrictions	238,858
Total net assets	715,518
Total liabilities and net assets	\$ 760,202

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

Red River Revel Arts Festival Statement of Activities

<i>For the Year Ended December 31, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Public Support			
Revel			
Sponsor and underwriter contributions	\$ 155,335	\$ -	\$ 155,335
Individual and corporate contributions	10,134	-	10,134
Government and foundation grants	97,950	-	97,950
In-kind contributions and services	132,251	-	132,251
Farmers' Market			
Underwriters	3,533	-	3,533
In-kind contributions and services	40,717	-	40,717
BREW fundraiser			
Contributions and admissions	48,355	-	48,355
In-kind contributions and services	14,543	-	14,543
CORK fundraiser			
Contributions and admissions	120,401	-	120,401
In-kind contributions and services	20,082	-	20,082
Other in-kind contributions	66,295	-	66,295
Total public support	709,596	-	709,596
Operating revenue			
Revel			
Concessions	668,268	-	668,268
Admissions	128,610	-	128,610
Poster and souvenir sales	23,780	-	23,780
Booth fees	92,375	-	92,375
Other operating revenue	42,940	-	42,940
Farmers' Market fees	33,437	-	33,437
Total operating revenue	989,410	-	989,410
Other revenue			
Investment income (loss)	40	(22,310)	(22,270)
Total other revenue	40	(22,310)	(22,270)
Net assets released from restrictions	11,504	(11,504)	-
Total support and revenue	1,710,550	(33,814)	1,676,736
Expenses			
Program services			
Red River Revel Arts Festival	1,336,793	-	1,336,793
Farmers' Market	65,929	-	65,929
Total program services	1,402,722	-	1,402,722
Supporting services			
Management and general	248,439	-	248,439
Fundraising	142,238	-	142,238
Total supporting services	390,677	-	390,677
Total expenses	1,793,399	-	1,793,399
Change in net assets	(82,849)	(33,814)	(116,663)
Net assets, beginning of year	559,509	272,672	832,181
Net assets, end of year	\$ 476,660	\$ 238,858	\$ 715,518

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

**Red River Revel Arts Festival
Statement of Functional Expenses**

	Program Services		Supporting Services		Total
	Red River Arts Festival	Shreveport Farmers' Market	Management and General	Fundraising	
<i>For the Year Ended December 31, 2022</i>					
Salaries and benefits	\$ 118,985	\$ 14,123	\$ -	\$ 17,905	\$ 151,013
Contract labor	-	6,542	-	-	6,542
Site operations	434,677	42,846	-	-	477,523
Commissions and other operating expenses	515,000	-	-	-	515,000
Music and performing arts	228,052	-	-	-	228,052
Programs	18,629	2,418	-	-	21,047
Advertising and promotion	-	-	106,129	-	106,129
Insurance	21,450	-	990	-	22,440
Accounting and legal	-	-	16,323	-	16,323
Bank and credit card fees	-	-	19,638	-	19,638
Licenses and permits	-	-	1,521	-	1,521
Supplies	-	-	27,675	-	27,675
Telephone	-	-	4,478	-	4,478
Dues and subscriptions	-	-	2,511	-	2,511
Fundraising costs	-	-	-	124,333	124,333
Other administrative costs	-	-	69,174	-	69,174
Total expenses	\$ 1,336,793	\$ 65,929	\$ 248,439	\$ 142,238	\$ 1,793,399

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

**Red River Revel Arts Festival
Statement of Cash Flows**

<i>For the Year Ended December 31,</i>	2022
Cash flows from operating activities	
Change in net assets	\$ (116,663)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Change in beneficial interest in assets of foundation	24,668
Change in assets and liabilities	
Decrease (increase) in	
Grants and contributions receivable	155,917
Other assets	(10,630)
Increase (decrease) in	
Accounts payable	4,361
Accrued liabilities	(3,383)
Performance obligation liabilities	(4,300)
Net cash provided by (used in) operating activities	49,970
Cash flows from investing activities	
Distributions received from beneficial interest in assets of foundation	9,146
Net cash provided by (used in) investing activities	9,146
Net change in cash, cash equivalents, and restricted cash	59,116
Cash, cash equivalents, and restricted cash - beginning of year	425,551
Cash, cash equivalents, and restricted cash - end of year	\$ 484,667

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

Red River Revel Arts Festival Notes to the Financial Statements

NOTE 1: DESCRIPTION OF THE ORGANIZATION

The Red River Revel Arts Festival (the “Revel” or the “Organization”) is a not-for-profit corporation formed under the laws of the State of Louisiana. The Revel was established to promote awareness of the Arts to the general public. Support and sponsorships are provided each year for the Revel’s events in the form of in-kind services, various government and foundation grants, and corporate and individual contributions. The Revel’s programmatic activities include the following programs:

Red River Revel Arts Festival

This event was originated under the sponsorship of The Junior League of Shreveport-Bossier, Inc. (“The Junior League”). Each year since 1976, the festival has united people throughout the area to enjoy a celebration of visual and performing arts. The outdoor festival attracts thousands of people and is usually held in October. Numerous volunteers donate their time and efforts to help manage the festival’s activities. The Red River Revel Arts Festival celebrates the arts with more than 80 visual artists from across the country, performance stages that feature live music, and a large area dedicated specifically to providing arts education for children.

Shreveport Farmers’ Market

During the summer season, a farmers’ market is held at the downtown Festival Plaza to unite local farmers, gardeners, and others within the community to enjoy locally grown fruits, vegetables, and plants; homemade breads and jams; and a variety of other locally produced foods. Live music is featured during the event.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Red River Revel Arts Festival Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Revel provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of individuals or other organizations to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Revel's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Beneficial Interest in Assets of Foundation

Transfers of funds to the Community Foundation of North Louisiana, specifying the Revel as the beneficiary, are accounted for as an asset, in accordance with U.S. GAAP.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Red River Revel Arts Festival Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Revel reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Revel, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

Program service income is accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. Income from sponsorships and ticket sales for fundraisers received in advance are deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the statement of financial position.

A significant portion of the Organization's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Red River Revel Arts Festival Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on estimated percentages of time spent in each functional area.

Advertising

The Revel uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended December 31, 2022, advertising costs totaled \$106,129.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. The Revel currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The Revel utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2022, the Revel has no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Red River Revel Arts Festival Notes to the Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 20, 2023, and determined that there were no events that occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In February 2016, the FASB issued guidance (ASC 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Revel adopted the standard effective January 1, 2022, and recognized and measured leases existing at, or entered into after, January 1, 2022 using a modified retrospective approach, with certain practical expedients available. This change in accounting principle did not have a material effect on these financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to bring more transparency and consistency to the presentation and disclosure of gifts-in-kind (GIKs). While many not-for-profits (NFPs) already separately report GIKs and make some of the disclosures required by ASU 2020-07, the new standard will bring presentation and disclosure consistency across NFPs. The Revel adopted the standard effective January 1, 2022. This change in accounting principle did not have a material effect on the statements of financial position, activities, functional expenses, or cash flows. The disclosure in Note 11 have been enhanced in accordance with the guidance in ASU 2020-07.

NOTE 3: CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Restricted cash on the statement of financial position includes restricted cash received with restrictions imposed by donors for endowments. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the totals of the same such amounts in the statement of cash flows.

**Red River Revel Arts Festival
Notes to the Financial Statements**

NOTE 3: CASH, CASH EQUIVALENTS, AND RESTRICTED CASH (Continued)

<i>December 31,</i>	2022
Cash and cash equivalents	\$ 482,711
Restricted cash - endowment	1,956
Total	\$ 484,667

NOTE 4: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Revel is primarily supported by public support and operating revenue, and maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Revel's expenditures come due. The following reflects Revel's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	2022
Total assets at year end	\$ 760,202
Less non-financial assets	
Other assets	(13,870)
Financial assets at year-end	746,332
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	(238,858)
Financial assets available to meet cash needs for general expenditures within one year	\$ 507,474

The Revel's beneficial interest in assets of foundation consist of donor-restricted gifts to be held in perpetuity. Income from the beneficial interest in assets of foundation is subject to an implicit time restriction and is not available for general expenditure.

**Red River Revel Arts Festival
Notes to the Financial Statements**

NOTE 5: GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contribution receivable expected to be realized in one year or less consist of the following:

<i>December 31,</i>	2022
Grants	\$ 3,400
Fundraiser (BREW) sponsorship	2,500
Revel underwriters	18,685
Other	178
Total grants and contributions receivable	24,763
Less allowance for doubtful accounts	-
Grants and contributions receivable, net	\$ 24,763

NOTE 6: PROPERTY AND EQUIPMENT

The components of property and equipment consist of the following at December 31, 2022:

	Estimated Useful Lives (in years)	2022
Equipment	3-7	\$ 40,955
Less accumulated depreciation		(40,955)
Property and equipment - net		\$ -

There was no depreciation expense for the year ended December 31, 2022, as all property and equipment are fully depreciated.

NOTE 7: FUNDRAISING ACTIVITIES

The Revel held two annual fundraising events during the year: CORK Wine Festival and BREW, an event shared with Downtown Shreveport Unlimited ("DSU") where each entity receives half of the net proceeds. Gross revenues from these events include sponsor contribution and admission fees.

Red River Revel Arts Festival Notes to the Financial Statements

NOTE 7: FUNDRAISING ACTIVITIES (Continued)

The following schedule shows the activity (excluding the value of gifts in-kind) for these fundraising events for the year ended December 31, 2022:

<i>For the Year Ended December 31,</i>	2022
CORK Wine Festival	
Gross revenue (excluding gifts-in-kind)	120,401
Less: Direct expenses	(55,637)
<hr/>	
Net proceeds	\$ 64,764
<hr/>	
BREW	
Gross revenue (excluding gifts-in-kind)	48,355
Less: Direct expenses (includes DSU share of profits)	(34,072)
<hr/>	
Net proceeds	\$ 14,283
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NOTE 8: BENEFICIAL INTEREST IN ASSETS OF FOUNDATION

The Revel established an endowment fund in late 1995, the income of which was restricted to reducing deficits or funding emergency needs of the Revel's operations. Contributions to the endowment fund began in 1996. In February 1996, the Revel transferred control of most of this endowment fund to the Community Foundation of North Louisiana (the "Community Foundation") but retained a portion of the fund on its books. Under the terms of the agreement with the Community Foundation, net investment income of the endowment fund may be accumulated, or paid to the Revel, as the two parties see fit; however, such income may not be accumulated indefinitely.

Prior to 1999, all net earnings of the fund had been accumulated. The Community Foundation has variance power over the transferred assets such that the governing board of the Community Foundation may, with 30 days' notice to the Revel, vary the purposes, uses, or methods of administration of the transferred assets.

Net investment income and/or capital appreciation of the endowment fund must be distributed to the Revel at least annually, provided the average market value is greater than the amount contributed to the fund.

**Red River Revel Arts Festival
Notes to the Financial Statements**

NOTE 8: BENEFICIAL INTEREST IN ASSETS OF FOUNDATION (Continued)

Activity of this beneficial interest is summarized as follows:

Balance at December 31, 2021	\$ 270,716
Interest and dividends	3,796
Net realized and unrealized gains (losses)	(26,106)
Distributions to Revel	(9,146)
Administrative fees	(2,358)
<hr/>	
Balance at December 31, 2022	\$ 236,902
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NOTE 9: NET ASSETS

A summary of net assets without donor restrictions consists of the following:

<i>December 31,</i>	2022
<hr/>	
Undesignated	\$ 476,660
<hr/>	
Total net assets without donor restrictions	\$ 476,660
<hr/>	

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

<i>December 31,</i>	2022
<hr/>	
Subject to expenditure for a specific purpose	
Beneficial interest in assets held at the Community Foundation	\$ 236,902
Endowment contributions	1,956
<hr/>	
Total net assets with donor restrictions	\$ 238,858
<hr/>	

A summary of the release of donor restrictions consists of the following:

<i>For the Year Ended December 31,</i>	2022
<hr/>	
Purpose restrictions	
Distribution from beneficial interest in assets for grant	\$ 9,146
Community Foundation administrative fees	2,358
<hr/>	
Total net assets released from donor restrictions	\$ 11,504
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Red River Revel Arts Festival Notes to the Financial Statements

NOTE 10: REVENUE

Topic 606 Revenue

The Revel recognizes revenue at a point in time for the Red River Arts Festival and the Farmer's Market. At December 31, 2022 and 2021, there are performance obligations to be satisfied of \$200 and \$4,500, respectively. At December 31, 2022, management expects the obligations will be met and revenue will be recognized in 2023. All performance obligations at December 31, 2021 were recognized in 2022. These performance obligations are based upon the timing of the events.

The Organization's remaining revenues from contributions, grants, contracts, fundraisers, and other sources are recognized in accordance with FASB ASC Topic 958, *Not-for-Profit Entities* (Topic 958).

Disaggregated Topic 606 Revenue

All of Topic 606 revenue earned was recognized at a point in time, consisting of program service fee revenue, Revel and Farmers' Market underwriters, and fundraising event tickets. A summary of disaggregated Topic 606 revenue information follows:

<i>For the year ended December 31,</i>	2022
Topic 606 revenue	
Recognized at a point in time - Revel and Farmers' Market	\$ 1,148,278
Recognized at a point in time - CORK and BREW	140,955
Total Topic 606 revenue	1,289,233
Grants and contributions (non-exchange)	409,773
Investment income (loss) (non-exchange)	(22,270)
Total revenue	\$ 1,676,736

The Revel's customers are primarily the general public of North Louisiana and neighboring states.

Contract assets and liabilities related to revenue from contracts with customers consists of the following:

<i>December 31,</i>	2022
Contract Assets	
Revel underwriters receivable, beginning of year	\$ 7,000
Revel underwriters receivable, end of year	\$ 18,685
Contract Liabilities	
Performance obligation liabilities, beginning of year	\$ 4,500
Performance obligation liabilities, end of year	\$ 200

Red River Revel Arts Festival Notes to the Financial Statements

NOTE 11: CONTRIBUTIONS IN-KIND

All donated space, services, and goods were utilized by the Revel's program and supporting services. There were no donor-imposed restrictions associated with the contributed space, services, or goods.

The components of donated space, services and goods contributed to the Revel consists of the following for the year ended December 31, 2022:

<i>For the Year Ended December 31, 2022</i>	Donated Space	Donated Services	Donated Goods	Total
Program services				
Red River Revel Arts Festival	\$ 19,000	\$ 45,660	\$ 67,591	\$ 132,251
Farmer's Market	13,000	233	27,484	40,717
Supporting services				
BREW fundraiser	2,750	2,066	9,727	14,543
CORK fundraiser	4,500	5,718	9,864	20,082
Management and general	66,295	-	-	66,295
Total contributed space, services, and goods	\$ 105,545	\$ 53,677	\$ 114,666	\$ 273,888

Donated space is valued at the fair value of similar properties available in commercial real estate listings. Donated services are valued using information provided by the donors. Donated goods are valued at the wholesale prices that would be received for selling similar products.

NOTE 12: CONCENTRATIONS

The Revel maintains cash deposits with financial institutions at December 31, 2022 in excess of federally insured limits of \$231,549.

Grants are principally with state, local agencies and foundations within the geographic area. Realization of these items is dependent on various individual economic conditions, and the Revel does not require collateral or other security to support accounts receivable. As of December 31, 2022, two grantors accounted for 100% of grants receivable. As of December 31, 2022, two donors accounted for 85% of Revel underwriters.

NOTE 13: CONTINGENCIES

The Revel receives grants that are subject to review and audit by the agency providing the funding. Such reviews and audits could result in certain expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.



SUPPLEMENTARY INFORMATION



Red River Revel Arts Festival
Schedule of Compensation, Benefits, and Other Payments to Agency Head
December 31, 2022

Louisiana Revised Statute 24:513 (A)(3) requires reporting of the total compensation, reimbursements, and benefits paid to the agency head or chief executive officer. This law was further amended by Act 462 of the 2015 Regular Session of the Louisiana Legislature to clarify that nongovernmental or not-for-profit local auditees are required to report only the compensation, reimbursements, and benefits paid to the agency head or chief executive officer from public funds.

For the year ended December 31, 2022, the Red River Revel Arts Festival is not required to report the total compensation, reimbursements, and benefits paid to Mr. Logan Lewis, Executive Director, as none of those payments were made from public funds.



INTERNAL CONTROL FINDINGS





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The Board of Directors
Red River Revel Arts Festival

In planning and performing our audit of the financial statements of the Red River Revel Arts Festival (the "Revel") as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Revel's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Revel's internal control. Accordingly, we do not express an opinion on the effectiveness of the Revel's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiencies in internal control that we consider to be material weaknesses.

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 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.

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 Revel's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the Revel's internal control to be material weaknesses: findings 2022-001 and 2022-002 in the attached Schedule of Findings and Responses.

During our audit, we also became aware of a matter of noncompliance required to be reported in accordance with the Louisiana Audit Law that is reported as finding 2022-003 in the attached Schedule of Findings and Responses.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Revel, and is not intended to be, and should not be, used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC
Shreveport, Louisiana
July 20, 2022

**Red River Revel Arts Festival
Schedule of Findings and Responses
December 31, 2022**

CURRENT YEAR FINDINGS AND RESPONSES

2022-001 Preparation of Financial Statements and Significant Proposed Adjustments

Criteria: The Revel is responsible for accumulating and providing accurate financial information.

Condition: As is common in small operations, management of the Revel has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare their annual financial statements. This condition is intentional by management based upon the Revel's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Consistent with this decision, internal controls over the preparation of the annual financial statements, complete with notes in accordance with U.S. GAAP have not been established. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

Effect: The financial statements required adjustments which were material to the financial statements.

Cause: The Revel does not have accounting personnel and relies on a third-party bookkeeper to maintain the accounting records.

Recommendation: Because prudent management requires that the potential benefit from internal control must exceed its cost, it may not be practical to correct the condition reported. We do not believe that correcting the condition described above is cost effective or practical and, accordingly, do not believe that any corrective action is necessary.

Management's Response: We agree that correcting the finding described above is not cost effective or practical and, accordingly, do not believe that any corrective action is necessary.

2022-002 Credit Card Payments

Criteria: Internal controls should be designed to ensure payments received via credit card are appropriately accounted for and reconciled to supporting records.

Condition: There were not adequate controls in place for credit card receipts for the sale of coupons and wristbands during the Red River Revel Arts Festival (the "festival"). In addition, there were not adequate controls in place over the process to receive credit card payments for admissions into the festival.

Effect: Coupons could be distributed without money and/or credit card payments being collected or reported correctly. Admissions into the festival could be given without receipt of money or credit card payments for the admissions.

**Red River Revel Arts Festival
Schedule of Findings and Responses
December 31, 2022**

Cause: New processes were put in place to receive payments by credit card for admissions and coupon sales. This includes the option to purchase coupons online through the Revel's website. There were not procedures in place to reconcile the amount of admissions or coupon sales to the amount of credit card payments received. In addition, the Revel began using electronic wristbands to track coupons by loading the coupons purchased onto the wristbands. There were not procedures in place to reconcile the amount of coupons loaded to wristbands to the amount of cash or credit card payments received.

Recommendation: We recommend management implement proper internal controls to account for the receipt of credit card payments and internal controls for reconciling the amount of electronic coupons added to wristbands.

Management's Response: We agree with the finding and corrective actions will be taken to establish additional controls over credit card payments.

2022-003 Late Filing with the Louisiana Legislative Auditor

Criteria: Louisiana Revised Statute (R.S.) 24:513 requires that the Revel prepare and submit its annual audited financial statements to the Louisiana Legislative Auditor within six months of the Revel's fiscal year end.

Condition: The Revel was not able to submit audited financial statements to the Louisiana Legislative Auditor by the required deadline

Effect: Noncompliance with Louisiana R.S. 24:513.

Cause: The Revel experienced significant delays in obtaining information regarding contributed goods and services from the City of Shreveport.

Recommendation: We recommend the Revel take the necessary steps to ensure future audits will be completed and submitted to the Louisiana Legislative Auditor in a timely manner.

Management's Response: We will request the required information from the City of Shreveport in a timely manner to ensure that future audits are completed within six months of our fiscal year end.

SUMMARY OF PRIOR YEAR FINDINGS

2021-001 Preparation of Financial Statements and Significant Proposed Adjustments

Condition: As is common in small operations, management of the Revel has chosen to engage the auditor to propose certain year-end adjusting journal entries and to prepare their annual financial statements. This condition is intentional by management based upon the Revel's financial complexity, along with the cost effectiveness of acquiring the ability to prepare financial statements in

**Red River Revel Arts Festival
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accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Consistent with this decision, internal controls over the preparation of the annual financial statements, complete with notes in accordance with U.S. GAAP have not been established. Under generally accepted auditing standards, this condition represents a control deficiency that is also considered to be a material weakness in internal controls.

Status: Finding was not resolved. See Finding 2022-002.

2021-002 Wages and Payroll Taxes

Condition: We noted that a bonus was paid to an employee during 2021 and not reported to the IRS. Additionally, no payroll taxes were paid on the bonus.

Status: Finding was resolved.