

**FESTIVAL INTERNATIONAL
DE LOUISIANE, INC.**

Lafayette, Louisiana

Consolidated Financial Report

Year Ended August 31, 2023

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KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR'S REPORT

Victor R. Slaven, CPA* - retired 2020
Christine C. Doucet, CPA – retired 2022

* A Professional Accounting Corporation

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Festival International de Louisiane, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of August 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Festival International de Louisiane, Inc. and affiliate as of August 31, 2023, 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 Festival International de Louisiane, 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 Festival International de Louisiane, Inc. and affiliate'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 Festival International de Louisiane, 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 Festival International de Louisiane, 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.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 9, 2024, on our consideration of Festival International de Louisiane, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Festival International de Louisiane, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Festival International de Louisiane, Inc.'s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC

Certified Public Accountants

Lafayette, Louisiana

February 9, 2024

FINANCIAL STATEMENTS

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidated Statement of Financial Position
August 31, 2023

ASSETS

Current assets:	
Cash and cash equivalents	\$ 1,568,866
Receivables -	
Other	5,008
Inventory	<u>11,808</u>
Total current assets	<u>1,585,682</u>
Property and equipment, net	<u>557,856</u>
Other assets:	
Prepaid items	3,750
Trademark	590
Acquired intangible assets, net	<u>46,200</u>
Total other assets	<u>50,540</u>
Total assets	<u>\$ 2,194,078</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accrued liabilities	\$ 83,617
Current maturities of long-term debt	<u>25,857</u>
Total current liabilities	109,474
Noncurrent liabilities:	
Long-term debt, less current maturities	<u>378,964</u>
Total liabilities	488,438
Net assets:	
Without donor restrictions	<u>1,705,640</u>
Total liabilities and net assets	<u>\$ 2,194,078</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidated Statement of Activities
Year Ended August 31, 2023

	Without Donor Restrictions
Support-	
Contributions	\$ 829,810
Grants	116,437
Fundraising	37,703
In-kind contributions	<u>578,345</u>
Total support	<u>1,562,295</u>
Revenue-	
Sales, net of direct expenses	566,287
Interest	8,779
Miscellaneous	<u>95,753</u>
Total revenue	<u>670,819</u>
Total support and revenue	<u>2,233,114</u>
Expenses-	
Program services:	
Programming	464,271
Production	832,986
Marketing and promotion	<u>636,606</u>
Total program services	<u>1,933,863</u>
Supporting services:	
Management and general	220,623
Fundraising	<u>175,202</u>
Total supporting services	<u>395,825</u>
Total expenses	<u>2,329,688</u>
Change in net assets	(96,574)
Net assets, beginning of year	<u>1,802,214</u>
Net assets, end of year	<u>\$1,705,640</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidated Statement of Functional Expenses
Year Ended August 31, 2023

	Program Services			Supporting Services			Total Expenses	
	Programming	Production	Marketing and Promotion	Total Program Services	Management and General	Fundraising		Total Supporting Services
Salaries and benefits	\$ 65,007	\$ 79,193	\$ 46,770	\$ 190,970	\$ 115,488	\$ 99,768	\$ 215,256	\$ 406,226
Professional fees	276,872	72,585	-	349,457	4,704	3,136	7,840	357,297
Outside services and fees	6,804	11,966	12,622	31,392	2,764	1,843	4,607	35,999
Supplies	-	12,366	-	12,366	10,012	6,675	16,687	29,053
Telephone and utilities	-	-	-	-	2,405	1,603	4,008	4,008
Postage and shipping	-	-	-	-	760	507	1,267	1,267
Payroll taxes	4,393	5,493	3,488	13,374	8,612	6,882	15,494	28,868
Rental of property and equipment	-	153,657	-	153,657	3,941	2,628	6,569	160,226
Printing and publications	-	-	-	-	1,951	1,300	3,251	3,251
Transportation and other services	21,408	-	-	21,408	-	-	-	21,408
Hospitality	45,178	62,726	-	107,904	-	-	-	107,904
Meals and lodging	38,091	8,603	-	46,694	3,689	2,459	6,148	52,842
Advertising and promotion	-	-	543,199	543,199	-	-	-	543,199
Research	-	-	-	-	2,213	1,475	3,688	3,688
Sound and lighting	-	118,227	-	118,227	-	-	-	118,227
Licenses	4,999	-	-	4,999	-	-	-	4,999
Electrical	-	20,901	-	20,901	-	-	-	20,901
Insurance	-	16,267	-	16,267	17,436	11,624	29,060	45,327
Decorations and signage	-	5,136	-	5,136	-	-	-	5,136
Photography	-	-	10,775	10,775	-	-	-	10,775
Depreciation and amortization	-	-	-	-	22,368	-	22,368	22,368
Special events	-	-	-	-	-	19,116	19,116	19,116
Other	1,519	265,866	19,752	287,137	24,280	16,186	40,466	327,603
	<u>\$ 464,271</u>	<u>\$ 832,986</u>	<u>\$ 636,606</u>	<u>\$ 1,933,863</u>	<u>\$ 220,623</u>	<u>\$ 175,202</u>	<u>\$ 395,825</u>	<u>\$ 2,329,688</u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidated Statement of Cash Flows
Year Ended August 31, 2023

Cash flows from operating activities:	
Decrease in net assets	\$ (96,574)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	22,368
Changes in current assets and liabilities -	
Decrease in receivables	5,582
Increase in prepaid items	(275)
Decrease in inventory	1,492
Increase in accrued liabilities	<u>44,879</u>
Net cash used by operating activities	<u>(22,528)</u>
Cash flows from capital and related financing activities:	
Principal paid on note payable	(24,348)
Acquisition of intangible software asset	(46,200)
Purchase of property and equipment	<u>(7,650)</u>
Net cash used by capital and related financing activities	<u>(78,198)</u>
Net decrease in cash and cash equivalents	(100,726)
Cash and cash equivalents, beginning of year	<u>1,669,592</u>
Cash and cash equivalents, end of year	<u><u>\$1,568,866</u></u>
Supplemental information:	
Interest paid	<u><u>\$ 8,884</u></u>

The accompanying notes are an integral part of this statement.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

(1) Summary of Significant Accounting Policies

A. Organization and Purpose

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

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

B. Basis of Accounting

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

C. Cash and Cash Equivalents

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

D. Grants Receivable

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

E. Property and Equipment

The Organization's capitalization policy is \$2,500 for property and equipment recorded at cost, if purchased, or at estimated fair value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. In the absence of donor stipulations regarding how long the contributed asset must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the useful lives of the assets. Depreciation is computed by the straight-line method at rates based the following estimated useful lives:

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

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

F. Intangible Assets

In developing assumptions about the renewal or extension used to determine the useful life of intangible assets, the Organization first considers its own historical experience in renewing or extending similar arrangements. These assumptions are adjusted for entity-specific factors. In the absence of that experience, the Organization considers the assumptions that market participants would use about renewable or extension, adjusted for entity-specific factors.

G. Revenue and Expense Recognition

The Organization's main source of revenue is from contributions and proceeds from the festival. Contributions are recognized when the donor makes a commitment to give to the Organization. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support that increases net assets with donor restrictions. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting. When a restriction expires, that is when a stipulated time restriction ends or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

H. Functional Allocation of Expenses

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

I. Income Taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as other than a private foundation. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

J. Compensated Absences

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

K. Advertising Costs

Advertising costs are expensed in the year in which they are incurred. Advertising expense for the year ended August 31, 2023 was \$543,199.

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

L. Donated Materials and Services

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

Program Services:

Production-

Rental of property and equipment	\$ 267,320
Hospitality and other	<u>94,000</u>
	<u>361,320</u>

Marketing and Promotion:

Advertising	<u>217,025</u>
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Total donated materials and services	<u>\$ 578,345</u>
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M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(2) Subsequent Events

Subsequent events have been evaluated through February 9, 2024, the date which the financial statements were available to be issued.

(3) Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of August 31, 2023, reduced by amounts not available for general use because of contractual restrictions or Board designations within one year of the statement of financial position date.

Financial assets at August 31, 2023:	\$ 1,573,874
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,573,874</u>

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

(4) Property and Equipment

Property and equipment consist of the following as of August 31, 2023:

Land	\$ 169,009
Buildings	422,582
Furniture and equipment	<u>91,657</u>
Total	683,248
Less: Accumulated depreciation	<u>(125,392)</u>
Property and equipment, net	<u>\$ 557,856</u>

Depreciation expense for the year ended August 31, 2023 was \$22,368.

(5) Intangible Assets

Intangible assets consist of the following as of August 31, 2023:

Amortized intangible assets:	
Intangible software asset	\$ 46,200
Less: Accumulated amortization	<u>-</u>
Acquired intangible assets, net	<u>\$ 46,200</u>
Unamortized intangible assets:	
Trademark	<u>\$ 590</u>

The Organization acquired an intangible software asset on August 31, 2023. Estimated amortization expense is \$6,600 for each of the next seven years. The Organization's future cash flows are not materially impacted by its ability to extend or renew agreements related to its amortizable intangible assets.

(6) Long-Term Debt

At August 31, 2023 long-term debt was comprised of the following:

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

\$ 404,821

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

The maturities of long-term debt are as follows:

<u>Year ending August 31,</u>	<u>Principal</u>
2024	\$ 25,857
2025	26,643
2026	27,454
2027	28,289
2028	29,149
Thereafter	<u>267,429</u>
Total	<u>\$ 404,821</u>

(7) Litigation and Claims

There was no pending litigation against the Organization at August 31, 2023.

(8) Sales (Net of Direct Expenses)

The following is a schedule of the gross sales revenues and the related cost of revenues for the year ended August 31, 2023.

Gross sales revenue	\$1,047,715
Cost of revenues	<u>(481,428)</u>
Net sales revenue	<u>\$ 566,287</u>

(9) Related Party Transaction

During the fiscal year, the Organization purchased merchandise inventory in the amount of \$63,060 from Parish Ink, LLC, which is owned by a Board Member.

(10) Risk Management

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

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Notes to Consolidated Financial Statements

(11) Concentration of Credit Risk

The Organization maintains cash account balances at multiple financial institutions which at times may exceed federally insured limits. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each financial institution. At August 31, 2023, the Organization's cash balances (bank balances) were fully secured. The Organization has not experienced any loss on such deposits.

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

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

(13) Fair Value Measurements

Generally accepted accounting principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, long-term debt, and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value (Level 1).

SUPPLEMENTAL INFORMATION

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidating Statement of Financial Position
August 31, 2023

	Festival International de Louisiane, Inc.	Festival International de Louisiane Land Holdings, LLC	Eliminations	Consolidated
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,568,866	\$ -	\$ -	\$ 1,568,866
Receivables-				
Other	5,008	-	-	5,008
Inventory	11,808	-	-	11,808
Total current assets	1,585,682	-	-	1,585,682
Property and equipment, net	73,884	483,972	-	557,856
Other assets:				
Prepaid items	3,750	-	-	3,750
Trademark	590	-	-	590
Acquired intangible assets, net	46,200	-	-	46,200
Total other assets	50,540	-	-	50,540
Total assets	\$ 1,710,106	\$ 483,972	\$ -	\$ 2,194,078
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accrued liabilities	\$ 83,617	\$ -	\$ -	\$ 83,617
Current maturities of long-term debt	-	25,857	-	25,857
Total current liabilities	83,617	25,857	-	109,474
Noncurrent liabilities:				
Long-term debt, less current maturities	-	378,964	-	378,964
Total liabilities	83,617	404,821	-	488,438
Net assets:				
Without donor restrictions	1,626,489	79,151	-	1,705,640
Total liabilities and net assets	\$ 1,710,106	\$ 483,972	\$ -	\$ 2,194,078

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Consolidating Statement of Activities
Year Ended August 31, 2023

	Without Donor Restrictions			Consolidated
	Festival International de Louisiane, Inc.	Festival International de Louisiane Land Holdings, LLC	Eliminations	
Support-				
Contributions	\$ 829,810	\$ -	\$ -	\$ 829,810
Grants	116,437	-	-	116,437
Fundraising	37,703	-	-	37,703
In-kind contributions	<u>578,345</u>	<u>-</u>	<u>-</u>	<u>578,345</u>
Total unrestricted support	<u>1,562,295</u>	<u>-</u>	<u>-</u>	<u>1,562,295</u>
Revenue-				
Sales, net of direct expenses	566,287	-	-	566,287
Interest	8,779	-	-	8,779
Rental income	-	33,232	(33,232)	-
Miscellaneous	<u>95,753</u>	<u>-</u>	<u>-</u>	<u>95,753</u>
Total unrestricted revenue	<u>670,819</u>	<u>33,232</u>	<u>(33,232)</u>	<u>670,819</u>
Total support and revenue	<u>2,233,114</u>	<u>33,232</u>	<u>(33,232)</u>	<u>2,233,114</u>
Expenses-				
Program services:				
Programming	464,271	-	-	464,271
Production	832,986	-	-	832,986
Marketing and promotion	<u>636,606</u>	<u>-</u>	<u>-</u>	<u>636,606</u>
Total program services	<u>1,933,863</u>	<u>-</u>	<u>-</u>	<u>1,933,863</u>
Supporting services:				
Management and general	234,407	19,448	(33,232)	220,623
Fundraising	<u>175,202</u>	<u>-</u>	<u>-</u>	<u>175,202</u>
Total supporting services	<u>409,609</u>	<u>19,448</u>	<u>(33,232)</u>	<u>395,825</u>
Total expenses	<u>2,343,472</u>	<u>19,448</u>	<u>(33,232)</u>	<u>2,329,688</u>
Change in net assets	(110,358)	13,784	-	(96,574)
Net assets, beginning of year	<u>1,736,847</u>	<u>65,367</u>	<u>-</u>	<u>1,802,214</u>
Net assets, end of year	<u>\$ 1,626,489</u>	<u>\$ 79,151</u>	<u>\$ -</u>	<u>\$ 1,705,640</u>

**INTERNAL CONTROL,
COMPLIANCE
AND OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Festival International de Louisiane, Inc. (a nonprofit organization) and affiliate, which comprise the consolidated statement of financial position as of August 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 9, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Festival International de Louisiane, Inc.'s internal control over financial reporting (internal control) 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 Festival International de Louisiane, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Festival International de Louisiane, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

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

Government Auditing Standards requires the auditor to perform limited procedures on Festival International de Louisiane, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. Festival International de Louisiane, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suited for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
February 9, 2024

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended August 31, 2023

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

A. Internal Control Over Financial Reporting

2023-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 2013

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

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

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

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

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

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

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

FESTIVAL INTERNATIONAL DE LOUISIANE, INC.
Lafayette, Louisiana

Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan (Continued)
Year Ended August 31, 2023

B. Compliance

There were no compliance findings.

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2022-001 Inadequate Segregation of duties

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

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

CURRENT STATUS: Unresolved. See item 2023-001.