

**ARK-LA-TEX REGIONAL
AIR SERVICE ALLIANCE
BOSSIER CITY, LOUISIANA
DECEMBER 31, 2016**

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

BOSSIER CITY, LOUISIANA

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AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

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June 29, 2017

To the Board of Directors
Ark-La-Tex Regional Air Service Alliance
Bossier City, Louisiana

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Ark-La-Tex Regional Air Service Alliance (a nonprofit organization) which comprise the statement of financial position as of December 31, 2016, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ark-La-Tex Regional Air Service Alliance as of December 31, 2016, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ark-La-Tex Regional Air Service Alliance’s basic financial statements. The information required in accordance with Louisiana Revised Statute 24:513(A)(3) on page 8 is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2017, on our consideration of Ark-La-Tex Regional Air Service Alliance’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 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 Ark-La-Tex Regional Air Service Alliance’s internal control over financial reporting and compliance.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

A S S E T S

Assets:

Cash and cash equivalents	551,628
Occupancy tax receivable	42,939
Prepaid insurance	<u>1,886</u>
	<u>596,453</u>
Total assets	<u>596,453</u>

LIABILITIES AND NET ASSETS

Liabilities:

-

Net assets:

Unrestricted	<u>596,453</u>
Total liabilities and net assets	<u>596,453</u>

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

Revenue and other support:

Occupancy tax	556,399
Contributions	<u>10,000</u>
Total revenue and other support	566,399

Expenses:

Administrative and service fees	5,590
Contract services	13,244
Insurance	<u>1,886</u>
Total expenses	<u>20,720</u>

Change in net assets

545,679

Net assets-beginning of year

50,774

Net assets-end of year

596,453

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Cash flows from operating activities:</u>	
Change in net assets	545,679
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
(Increase) in accounts receivable	(11,746)
(Increase) in prepaid expenses	<u>(1,886)</u>
Net cash provided by operating activities	<u>532,047</u>
<u>Net increase in cash and cash equivalents</u>	532,047
<u>Cash and cash equivalents at beginning of year</u>	<u>19,581</u>
<u>Cash and cash equivalents at end of year</u>	<u>551,628</u>

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

1. Organization

The Ark-La-Tex Regional Air Service Alliance (RASA) is a Louisiana nonprofit organization whose mission is to increase air service through the Shreveport Regional Airport for the benefit of citizens and business travelers in the Ark-La-Tex area. Chartered on January 23, 2012, RASA was formed and exempted under Section 501(c)(4) of the Internal Revenue Code, and is its own independent nonprofit entity. RASA works toward its objective through payments of incentives to airline carriers for their expansion of services in the Shreveport market. RASA's major funding source is the Shreveport-Bossier City hotel occupancy tax which became effective November 2015 and expires June 2027.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by RASA and the methods of applying those policies which materially affect the determination of financial position, changes in financial position, or changes in net assets are summarized below:

Financial Statement Presentation:

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the governing board.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Board of Directors and/or the passage of time. There are no temporarily restricted net assets at December 31, 2016.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. There are no permanently restricted net assets at December 31, 2016.

Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Income Recognition:

The source of substantially all revenue of RASA is through the collection of hotel occupancy tax by the municipalities of Shreveport and Bossier City. Generally, each municipality remits occupancy tax directly to RASA in the month following collection less a one percent service fee. RASA reports occupancy tax revenues at gross and service fees as an expense in the month collected by each municipality.

2. Summary of Significant Accounting Policies (Continued)

Occupancy Tax Receivable:

Occupancy taxes receivable are reported at their realizable value, net of service fees. Occupancy tax remittances are generally due by the end of the month following the month of collection by each municipality. Late fees are not charged. Interest on unpaid balances is not charged and RASA does not make its accounts receivable for sale. There are no bad debts.

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 those estimates.

Cash and Cash Equivalents:

RASA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of these financial instruments.

Income Taxes:

RASA is exempt from income taxes as an organization described in Section 501(c)(4) of the Internal Revenue Code. RASA has been classified as an organization that is not a private foundation under Section 509(a). Accordingly, there is no provision for income taxes in these financial statements; however, RASA is required to file U.S. Federal Form 990 for informational purposes.

RASA is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax exempt entity, RASA must assess whether it has any tax positions associated with unrelated business income subject to income tax. RASA does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in RASA's accounting records.

3. Major Sources of Revenue

Approximately 98 percent of revenues for the year ended December 31, 2016 was provided through the collection of hotel occupancy taxes as follows:

<u>Source</u>	<u>Amount</u>
City of Shreveport	\$286,191
City of Bossier City	<u>270,208</u>
	<u>\$556,399</u>

4. Concentrations of Credit Risk

RASA maintains cash balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. RASA's uninsured cash balances totaled \$301,628 at December 31, 2016.

5. Subsequent Events

The organization has evaluated subsequent events through June 29, 2017 the date which the financial statements were available to be issued. No reportable items were noted.

SUPPLEMENTARY INFORMATION

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

SUPPLEMENTARY INFORMATION

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED DECEMBER 31, 2016

This schedule is not applicable to the Ark-La-Tex Regional Air Service Alliance as no such payments were made; however, is included to comply with Louisiana Revised Statute 24:513(A)(3) (ACT 706 of 2014).

OTHER REPORTS

HEARD, McELROY, & VESTAL

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June 29, 2017

To the Board of Directors
Ark-La-Tex Regional Air Service Alliance
Bossier City, Louisiana

**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***

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 Ark-La-Tex Regional Air Service Alliance as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Ark-La-Tex Regional Air Service Alliance's basic financial statements, and have issued our report thereon dated June 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ark-La-Tex Regional Air Service Alliance'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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 over financial reporting 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ark-La-Tex Regional Air Service Alliance’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.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Ark-La-Tex Regional Air Service Alliance.
2. No material weaknesses or significant deficiencies relating to the audit of the basic financial statements are reported.
3. No instances of noncompliance material to the basic financial statements of Ark-La-Tex Regional Air Service Alliance were disclosed during the audit.
4. Ark-La-Tex Regional Air Service Alliance was not subject to a Federal Single Audit for the year ended December 31, 2016.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

Not applicable.