

**ARK-LA-TEX REGIONAL
AIR SERVICE ALLIANCE
BOSSIER CITY, LOUISIANA
DECEMBER 31, 2021 AND 2020**

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

BOSSIER CITY, LOUISIANA

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AUDITED FINANCIAL STATEMENTS



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June 21, 2022

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

Independent Auditor's Report

Opinion

We have audited the accompanying financial statements of Ark-La-Tex Regional Air Service Alliance (a non-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ark-La-Tex Regional Air Service Alliance as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Ark-La-Tex Regional Air Service Alliance 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 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.

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 Ark-La-Tex Regional Air Service Alliance'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 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 GAAS 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 GAAS 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 Ark-La-Tex Regional Air Service Alliance'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 evaluated 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 Ark-La-Tex Regional Air Service Alliance'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 financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented in accordance with Act 706 of the Louisiana Revised Statutes (LRS) 24:513(A)(3) on page 11 for the 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 and *Government Auditing Standards*. In our opinion, the Schedule of Compensation, Benefits and Other Payments to Agency Head is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022, on our consideration of the organization'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 the organization'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 Ark-La-Tex Regional Air Service Alliance's internal control over financial reporting and compliance.

Shreveport, Louisiana

HEARD, McELROY & VESTAL, L.L.C.

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

| <u>ASSETS</u> | <u>2021</u> | <u>2020</u> |
|--|-------------------------|-------------------------|
| <u>Assets:</u> | | |
| Cash and cash equivalents | 3,336,141 | 2,652,594 |
| Occupancy tax receivable | 64,360 | 35,586 |
| Prepaid insurance | <u>2,198</u> | <u>-</u> |
| Total assets | <u><u>3,402,699</u></u> | <u><u>2,688,180</u></u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>Liabilities:</u> | | |
| Accounts payable | - | - |
| <u>Net assets:</u> | | |
| With donor restrictions | - | - |
| Without donor restrictions | <u>3,402,699</u> | <u>2,688,180</u> |
| Total net assets | <u><u>3,402,699</u></u> | <u><u>2,688,180</u></u> |
| Total liabilities and net assets | <u><u>3,402,699</u></u> | <u><u>2,688,180</u></u> |

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|--|-------------------------|-------------------------|
| <u>Change in net assets without donor restrictions:</u> | | |
| <u>Revenues:</u> | | |
| Occupancy tax | 752,033 | 509,079 |
| Interest income | 1,492 | 5,905 |
| Total revenues | <u>753,525</u> | <u>514,984</u> |
| <u>Expenses:</u> | | |
| Program Services | 25,000 | - |
| Management and general | 14,006 | 11,782 |
| Total expenses | <u>39,006</u> | <u>11,782</u> |
| <u>Change in net assets without donor restrictions</u> | 714,519 | 503,202 |
| <u>Change in net assets with donor restrictions</u> | <u>-</u> | <u>-</u> |
| <u>Change in net assets</u> | <u>714,519</u> | <u>503,202</u> |
| <u>Net assets at beginning of period</u> | <u>2,688,180</u> | <u>2,184,978</u> |
| <u>Net assets at end of period</u> | <u><u>3,402,699</u></u> | <u><u>2,688,180</u></u> |

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | | <u>2020</u> | |
|---------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | <u>Program Services</u> | | <u>Program Services</u> | |
| | <u>Air Service Development</u> | <u>Management and General</u> | <u>Air Service Development</u> | <u>Management and General</u> |
| Administrative and service fees | - | 7,094 | - | 4,370 |
| Air service incentives | 25,000 | - | - | - |
| Professional fees | - | 4,950 | - | 5,450 |
| Insurance | - | 1,962 | - | 1,962 |
| | <u>25,000</u> | <u>14,006</u> | <u>-</u> | <u>11,782</u> |

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

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------------|-----------------------------|
| <u>Cash flows from operating activities:</u> | | |
| Change in net assets | 714,519 | 503,202 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| (Increase) decrease in accounts receivable | (28,774) | 29,382 |
| (Increase) decrease in prepaid expenses | (2,198) | 1,962 |
| Increase (decrease) in accounts payable | - | - |
| Net cash provided by operating activities | <u>683,547</u> | <u>534,546</u> |
| <u>Increase in cash and cash equivalents</u> | 683,547 | 534,546 |
| <u>Cash and cash equivalents at beginning of year</u> | <u>2,652,594</u> | <u>2,118,048</u> |
| <u>Cash and cash equivalents at end of year</u> | <u><u>3,336,141</u></u> | <u><u>2,652,594</u></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, 2021 AND 2020

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:

In August 2016, the FASB issued ASU No. 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*," with the stated purpose of improving financial reporting by those entities. Among other provisions, this ASU reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and requires additional disclosures concerning liquidity and the availability of financial resources. This standard was effective for fiscal years beginning after December 15, 2017 and required the use of the retrospective transition method. The organization adopted this standard for the year ended December 31, 2018.

The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor imposed restrictions, as follows:

Net assets without donor designations – Net assets that are not subject to donor or grantor imposed restrictions. Some net assets without donor restrictions may be designated for specific purposes by action of the governing board.

Net assets with donor designations – Net assets subject to donor or grantor imposed restrictions that may or will be met by actions of the Organization. There are no donor or grantor restricted net assets at December 31, 2021 and 2020.

Revenue 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.

Functional Expenses:

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Certain categories of expenses are attributable to both program services and supporting activities, and are charged directly to either program services or supporting expenses based on the nature of expense.

3. Major Sources of Revenue

Approximately 100 percent of revenues for the years ended December 31, 2021 and 2020 were provided through the collection of hotel occupancy taxes as follows:

| <u>Source</u> | <u>2021</u> | <u>2020</u> |
|----------------------|------------------|------------------|
| City of Shreveport | \$399,389 | \$268,300 |
| City of Bossier City | <u>352,644</u> | <u>240,779</u> |
| | <u>\$752,033</u> | <u>\$509,079</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 \$-0- and \$-0- at December 31, 2021 and 2020, respectively.

5. Liquidity

RASA invests cash in excess of estimated one-year operating requirements in certificates of deposit with short-term maturities. The availability of RASA's financial assets to meet cash needs is as follows:

| | <u>2021</u> | <u>2020</u> |
|---|--------------------|--------------------|
| Cash and cash equivalents | \$3,336,141 | \$2,652,594 |
| Occupancy tax receivable | <u>64,360</u> | <u>35,586</u> |
| | \$3,400,501 | \$2,688,180 |
| Less: Donor imposed restrictions making financial assets unavailable for general expenditures | <u>-</u> | <u>-</u> |
| Financial assets available within one year to meet cash needs for general expenditures | <u>\$3,400,501</u> | <u>\$2,688,180</u> |

6. Subsequent Events

The Organization has evaluated subsequent events through June 21, 2022, 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, 2021

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

OTHER REPORTS



REGIONS TOWER
333 TEXAS STREET, SUITE 1525 | SHREVEPORT, LOUISIANA 71101
318.429.1525 (P) | 318.429.2124 (F)

June 21, 2022

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, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 21, 2022.

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.

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.

Shreveport, Louisiana

HEARD, MELROY & VESTAL, L.L.C.

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

Not applicable.

ARK-LA-TEX REGIONAL AIR SERVICE ALLIANCE

SCHEDULE OF PRIOR YEAR FINDINGS

FOR THE YEAR ENDED DECEMBER 31, 2021

No prior year findings were reported.