

Red River Revel Arts Festival**Financial Statements
December 31, 2010 and 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/14/11

**Red River Revel Arts Festival
December 31, 2010 and 2009**

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Red River Revel Arts Festival

Statements of Financial Position December 31, 2010 and 2009

	Assets	
	2010	2009
Current assets		
Cash and cash equivalents	\$ 106,893	\$ 45,297
Grants receivable	19,969	7,101
Unrestricted contributions receivable	5,460	6,930
Prepaid expenses	1,112	-
Inventory	889	654
Total current assets	134,323	59,982
Property and equipment - net	3,150	5,998
Restricted cash	700	475
Total assets	\$ 138,173	\$ 66,455

Liabilities and Net Assets (Deficit)

Current liabilities		
Accounts payable	\$ 14,214	\$ 31,641
Note payable - line of credit	-	175,000
Deferred income	2,500	4,870
Other accrued liabilities	4,995	6,111
Total current liabilities	21,709	217,622
Net assets (deficit)		
Unrestricted	114,764	(152,642)
Temporarily restricted	1,000	1,000
Permanently restricted	700	475
Total net assets (deficit)	116,464	(151,167)
Total liabilities and net assets (deficit)	\$ 138,173	\$ 66,455

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

Red River Revel Arts Festival

Statement of Activities for the Year Ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Revel				
Sponsor contributions	\$ 50,000	\$ -	\$ -	\$ 50,000
Underwriter contributions	205,050	-	-	205,050
Individual contributions	11,875	-	225	12,100
Corporate contributions	22,500	-	-	22,500
Government and foundation grants	108,901	-	-	108,901
In-kind services - public	60,000	-	-	60,000
In-kind services - private	145,400	-	-	145,400
Other support	13,250	-	-	13,250
Farmer's Market				
Government and foundation grants	2,500	-	-	2,500
Underwriter contributions	11,500	-	-	11,500
In-kind services - public	19,000	-	-	19,000
BREW fundraiser				
Sponsor contributions	41,800	-	-	41,800
In-kind services - public	4,500	-	-	4,500
In-kind services - private	17,250	-	-	17,250
Other support	43,513	-	-	43,513
CORK fundraiser				
Sponsor contributions	47,750	-	-	47,750
In-kind services - public	4,500	-	-	4,500
In-kind services - private	42,670	-	-	42,670
Other support	120,691	-	-	120,691
Total public support	<u>972,650</u>	<u>-</u>	<u>225</u>	<u>972,875</u>
Operating revenue				
Revel				
Concessions	714,178	-	-	714,178
Admissions	206,939	-	-	206,939
Poster and souvenir sales	20,571	-	-	20,571
Booth fees	95,425	-	-	95,425
Other operating revenue	93,376	-	-	93,376
Farmer's Market fees	18,649	-	-	18,649
Total operating revenue	<u>1,149,138</u>	<u>-</u>	<u>-</u>	<u>1,149,138</u>
Other revenue				
Interest	26	-	-	26
Total other revenue	<u>26</u>	<u>-</u>	<u>-</u>	<u>26</u>
Total revenue	<u>2,121,814</u>	<u>-</u>	<u>225</u>	<u>2,122,039</u>
Expenses				
Program services				
Red River Revel Arts Festival	1,464,385	-	-	1,464,385
Farmers' Market	18,251	-	-	18,251
Total program services	<u>1,482,636</u>	<u>-</u>	<u>-</u>	<u>1,482,636</u>
Supporting services				
Management and general	90,723	-	-	90,723
Fundraising - BREW	113,300	-	-	113,300
Fundraising - CORK	167,749	-	-	167,749
Total supporting services	<u>371,772</u>	<u>-</u>	<u>-</u>	<u>371,772</u>
Total expenses	<u>1,854,408</u>	<u>-</u>	<u>-</u>	<u>1,854,408</u>
Increase (decrease) in net assets	267,406	-	225	267,631
Net assets (deficit), beginning of year	<u>(152,642)</u>	<u>1,000</u>	<u>475</u>	<u>(151,167)</u>
Net assets (deficit), end of year	<u>\$ 114,764</u>	<u>\$ 1,000</u>	<u>\$ 700</u>	<u>\$ 116,464</u>

The accompanying notes are an integral part of these financial statements

Red River Revel Arts Festival

Statement of Activities for the Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Revel				
Sponsor contributions	\$ 20,000	\$ -	\$ -	\$ 20,000
Underwriter contributions	195,415	-	-	195,415
Individual contributions	10,596	-	150	10,746
Corporate contributions	25,750	-	-	25,750
Government and foundation grants	107,187	-	-	107,187
In-kind services - public	61,800	-	-	61,800
In-kind services - private	146,305	-	-	146,305
Other support	150	-	-	150
Farmer's Market				
Government and foundation grants	13,827	-	-	13,827
Underwriter contributions	12,000	-	-	12,000
In-kind services - public	10,125	-	-	10,125
BREW fundraiser				
Sponsor contributions	38,000	-	-	38,000
In-kind services - public	3,000	-	-	3,000
In-kind services - private	20,295	-	-	20,295
Other support	77,259	-	-	77,259
CORK fundraiser				
Sponsor contributions	56,090	-	-	56,090
In-kind services - public	4,500	-	-	4,500
In-kind services - private	44,385	-	-	44,385
Other support	100,774	-	-	100,774
Total public support	947,458	-	150	947,608
Operating revenue				
Revel				
Concessions	415,079	-	-	415,079
Admissions	146,868	-	-	146,868
Poster and souvenir sales	25,485	-	-	25,485
Booth fees	98,020	-	-	98,020
Other operating revenue	36,896	-	-	36,896
Farmer's Market fees	14,566	-	-	18,649
Total operating revenue	736,914	-	-	736,914
Other revenue				
State pass-through grant - Shreveport Festival Plaza Pavillion No. 2	35,379	-	-	35,379
Total other revenue	35,379	-	-	35,379
Total revenue	1,719,751	-	150	1,719,901
Expenses				
Program services				
Red River Revel Arts Festival	1,363,752	-	-	1,363,752
Farmers' Market	24,783	-	-	24,783
Shreveport Festival Plaza Pavillion No. 2	35,379	-	-	35,379
Total program services	1,423,914	-	-	1,423,914
Supporting services				
Management and general	95,490	-	-	95,490
Fundraising - BREW	148,059	-	-	148,059
Fundraising - CORK	142,227	-	-	142,227
Total supporting services	385,776	-	-	385,776
Total expenses	1,809,690	-	-	1,809,690
Increase (decrease) in net assets	(89,939)	-	150	(89,789)
Net assets (deficit), beginning of year	(62,703)	1,000	325	(61,378)
Net assets (deficit), end of year	\$ (152,642)	\$ 1,000	\$ 475	\$ (151,167)

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

Red River Revel Arts Festival

Statements of Cash Flows for the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ 267,631	\$ (89,789)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	2,848	3,815
Loss on retirement of fixed assets	-	379
Change in assets and liabilities		
Decrease (increase) in		
Grants receivable	(12,868)	1,072
Unrestricted contributions receivable	1,470	(1,960)
Prepaid expenses	(1,112)	-
Inventory	(235)	337
Restricted cash	(225)	(150)
Increase (decrease) in		
Accounts payable	(17,427)	(12,139)
Deferred income	(2,370)	4,870
Other accrued liabilities	(1,116)	118
Net cash provided by (used in) operating activities	<u>236,596</u>	<u>(93,447)</u>
Cash flows from financing activities		
Payments on line of credit	(175,000)	-
Advances from line of credit	-	114,198
Net cash provided by (used in) financing activities	<u>(175,000)</u>	<u>114,198</u>
Net increase (decrease) in cash and cash equivalents	61,596	20,751
Cash and cash equivalents - beginning of year	<u>45,297</u>	<u>24,546</u>
Cash and cash equivalents - end of year	<u>\$ 106,893</u>	<u>\$ 45,297</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 7,928</u>	<u>\$ 4,069</u>

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

Red River Revel Arts Festival

Notes to Financial Statements December 31, 2010 and 2009

Note 1 Organization and Significant Accounting Policies

The Red River Revel Arts Festival (the "Revel") 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 is comprised of 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, this eight-day arts festival has united people throughout the area to enjoy a celebration of visual and performing arts. The outdoor festival attracts more than 200,000 people and is ordinarily held the first full week of 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 130 visual artists from across the country, five performance stages that feature live music and a large area dedicated specifically to providing arts education for children.

Shreveport Farmers' Market

During the summer and fall seasons, 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.

Shreveport Festival Plaza Pavilion No. 2

On December 3, 2007, the State of Louisiana and the Red River Revel Arts Festival entered into a cooperative endeavor agreement whereby the State will fund \$400,000 from the Capital Outlay Budget for the planning and construction of the Shreveport Festival Plaza Pavilion No. 2. This project is administered by the Office of Facility Planning and Control in accordance with the *Non-State Entity Capital Outlay Administrative Guidelines, July 1999 ed.* On December 18, 2007, the City of Shreveport (owner), the Revel (user group) and Dunn Construction L.L.C. (contractor) signed a Standard Form of Agreement for the project for \$430,000. This is a pass-through grant where contractor invoices are submitted to the State of Louisiana. The State then makes the payments directly to the Revel. The Revel pays the exact amount to the City of Shreveport. Then, the City submits payments to the contractor. The actual construction began in 2008 and was completed in early 2009.

Significant Accounting Policies

A summary of the Revel's significant accounting policies is as follows:

Financial Statement Presentation - The Revel presents its financial statements in accordance with FASB ASC 958-205 and subsections (formerly SFAS No. 117, *Financial Statements for Not-for-Profit Organizations*), which establishes standards of basic accounting and reporting for not-for-profit organizations. Under this standard, the Revel 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. Some unrestricted net assets may be designated by the governing board of the Revel for specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Revel and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Revel. Generally, donors permit all or part of the income earned on these assets to be used for general or specific purposes.

Cash and Cash Equivalents - The Revel considers all highly liquid debt instruments with a remaining maturity at date of purchase of three months or less to be cash equivalents. The demand deposit balances, as reflected in the bank's records, are insured by the Federal Deposit Insurance Corporation up to \$250,000, and additionally under the FDIC's Transaction Guarantee Program (TAGP) for accounts earning no more than .05% interest are insured in total through December 31, 2010. Beginning December 31, 2010, unlimited insurance is provided for non-interest bearing accounts under the Dodd-Frank Provision through December 31, 2012. As of December 31, 2010 and 2009, the Revel did not have any cash balances in excess of FDIC insurance limits.

Inventory - Inventories of merchandise and supplies are carried at the lower of cost or market. Cost is determined by the average-inventory method.

Contributions - The Revel has also adopted FASB ASC 958-605 and subsections (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*). Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Promises to Give - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received by the Revel that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases these net asset classes.

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 future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Revel uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's judgment. At December 31, 2010 and 2009, there were no amounts reserved in the allowance for doubtful accounts.

Donated Materials and Services - Donated property, marketable securities and other non-cash donations are recorded as contributions at their fair market value at the date of donation. Donated services are recognized as contributions in accordance with FASB ASC 958-605 and subsections (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*), 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 Revel. Many volunteers donate significant amounts of time to the Revel in furthering its programs and objectives. These services are not recognized as contributions in the financial statements because the recognition criteria under FASB ASC 958-605 and subsections was not met. It is impracticable to determine the fair market value of all donated services by the Junior League and other volunteers beyond those required to be recognized as income.

Donated materials, equipment, and labor provided by the City of Shreveport, Chase Bank, and PepsiAmericas, as well as various other contributors, are recorded as contributions of in-kind services in the financial statements at their estimated values at the date of receipt. In 2010 and 2009, the Revel recorded total in-kind contributions and services of \$293,320 and \$290,410, respectively.

CORK is a fundraising event that was held in both 2010 and 2009. The revenue from this event included sponsor contributions, admission fees, and raffle ticket sales. For the years ended December 31, 2010 and

2009, the gross revenue generated from CORK was approximately \$168,000 and \$157,000, respectively. The direct expenses related to this event were approximately \$98,000 and \$65,000, respectively. Gifts in-kind for contributions and services that related to CORK were approximately \$47,000 and \$49,000, respectively. Additionally, allocated payroll expenses were approximately \$23,000 and \$28,000, respectively.

BREW began as an additional fundraising event in 2009. This event was shared with Downtown Shreveport Unlimited (DSU). The Revel and DSU each receive half of the net proceeds from the event. The revenue from this event included sponsor contributions and admission fees. For the years ended December 31, 2010 and 2009, the gross revenue generated from BREW was approximately \$85,000 and \$115,000, respectively. The direct expenses related to this event were approximately \$80,000 and \$104,000, respectively. Gifts in-kind for contributions and services that related to BREW were approximately \$22,000 and \$24,000, respectively. Additionally, allocated payroll expenses were approximately \$11,000 and \$20,000, respectively.

Property and Equipment - Assets purchased are recorded at cost and depreciated using the straight-line method over the assets estimated useful life. Donated assets are recorded at their estimated fair value at the date of donation and are depreciated using the same method as assets purchased. Assets purchased with an initial cost of less than \$1,000 are generally expensed in the period of acquisition.

Income Taxes - The Revel is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Revel currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The Revel adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*) on January 1, 2009. Under FASB ASC 740-10-25, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of this standard had no impact on the Revel's financial statements. The Revel does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. No interest or penalties were accrued as of January 1, 2009, as a result of the adoption of FASB ASC 740-10-25. For the years ended December 31, 2010 and 2009, there were no interest or penalties recorded or included in its financial statements. The tax years of 2009, 2008 and 2007 are still open and subject to examination.

Retirement Plan - The Revel has a Simplified Employee Pension (SEP) which is a type of retirement plan under which an employer makes contributions to IRAs of employees. After an employee completes one year of service, the Revel contributes 6% of the eligible employee's compensation. At December 31, 2010 and 2009, there was an accrued liability for retirement contributions of \$3,844 and \$3,787, respectively. Total retirement expenses in 2010 and 2009 were \$11,716 and \$11,029, respectively.

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

Note 2 Reclassifications

Certain balances and amounts presented in the 2009 financial statements have been reclassified to conform to the 2010 presentation. These reclassifications had no effect on the change in net assets.

Note 3 Functional Expenses and Expenses by Natural Classification

The following is a schedule of functional expenses and expenses by natural classifications for the year ended December 31, 2010, and includes summary totals for 2009.

	Red River Arts Festival			Farmers' Market		Supporting Services		Totals	
	2010	2009		2010	2009	2010	2009	2010	2009
Salaries and benefits	\$ 214,114	\$ 8,541	\$ 35,322	\$ 257,977	\$ 255,340				
Site operations	397,647	-	-	397,647	400,166				
Commissions and other operating expenses	576,542	9,710	-	586,252	344,157				
Music and performing arts	119,997	-	-	119,997	260,712				
Programs	40,718	-	-	40,718	55,260				
Advertising and promotion	115,367	-	31,534	146,901	141,550				
Depreciation	-	-	2,848	2,848	3,815				
Insurance	-	-	21,255	21,255	29,778				
Accounting and legal	-	-	13,272	13,272	12,550				
Supplies	-	-	11,968	11,968	13,371				
Telephone	-	-	10,393	10,393	11,503				
Bad debt	-	-	841	841	-				
Dues and subscriptions	-	-	4,233	4,233	2,041				
Interest expense	-	-	7,928	7,928	4,069				
Fundraising costs	-	-	214,193	214,193	218,545				
Capital outlay grant	-	-	-	-	35,379				
Other administrative costs	-	-	17,985	17,985	21,454				
Total expenses	\$ 1,464,385	\$ 18,251	\$ 371,772	\$ 1,854,408	\$ 1,809,690				

Note 4 Contributions Receivable

Contributions receivable of \$5,460 and \$6,930 at December 31, 2010 and 2009, respectively, are classified as unrestricted and are considered to be fully collectible within one year. Accordingly, no allowance for uncollectible promises to give has been recognized at December 31, 2010 and 2009.

Note 5 Property and Equipment

Property and equipment purchased by the Revel in excess of \$1,000 are capitalized. Property and equipment are stated at cost, or if donated, at the estimated fair value at the time of donation. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the respective assets. A summary of property and equipment at December 31, 2010 and 2009, is as follows:

	Useful Life	2010	2009
Structures	3-15 years	\$ 48,412	\$ 48,412
Tents	5 years	3,789	3,789
Trailers	10 years	3,217	3,217
Other equipment	3-7 years	72,360	72,360
		127,778	127,778
Less accumulated depreciation		(124,628)	(121,780)
Property and equipment, net		\$ 3,150	\$ 5,998

For 2010 and 2009, the Revel's depreciation expense was \$2,848 and \$3,815, respectively.

Note 6 Net Assets

The governing board of the Revel has designated a portion of unrestricted net assets for emergency contingencies. The designated amount is established pursuant to a clause in the Revel policy guidelines, which specifies that an emergency contingency amount equal to the estimated operating expenses of the next Revel be maintained, if possible. This amount has generally been set at \$300,000 and was increased to \$450,000 in 1995. Reductions in the designated amount are approved by the Revel's Governing Board through the budget process and are limited to funding future festivals, developing art in the community, or making capital improvements. At December 31, 2004, because of significant operating losses during the five preceding years, designated net assets was reduced to \$0. At December 31, 2010 and 2009, designated net assets remained \$0.

Note 7 Rent Expense

In May 2002, the Revel moved to the old Illinois Central Train Depot located in the City of Shreveport's Festival Plaza. In lieu of paying rent for this facility, the Revel provides management services for the Festival Plaza, Farmers' Market, and the Red River Revel Arts Festival; therefore, there was no rent expense in 2010 or 2009.

Note 8 Temporarily and Permanently Restricted Net Assets

The Revel established an endowment fund in late 1995, the income of which was restricted to reducing deficits or funding emergency needs of Revel 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 Shreveport-Bossier (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.

A summary of the activity on the endowment fund follows:

	Endowment	
	Red River Revel	Community Foundation
Balance at December 31, 2008	\$ 325	\$ 164,452
Contributions	150	-
Interest and dividends	-	3,946
Realized and unrealized gains (losses)	-	26,642
Distributions to Revel	-	(9,173)
Fees	-	(1,984)
Balance at December 31, 2009	<u>475</u>	<u>183,573</u>
Contributions	225	-
Interest and dividends	-	4,499
Realized and unrealized gains (losses)	-	19,518
Distributions to Revel	-	(8,607)
Fees	-	(1,808)
Balance at December 31, 2010	<u>\$ 700</u>	<u>\$ 197,175</u>

Note 9 Note Payable – Line of Credit

Under the terms of a revolving credit agreement with Regions Bank, dated December 13, 2004, the Revel may borrow up to \$100,000 at 0.25% above the bank's prime interest rate through December 13, 2007. This credit agreement was extended through a commercial guaranty. A new agreement was executed on November 16, 2009 with a maturity date of November 16, 2012. The Revel may borrow up to \$200,000 at an annual

percentage rate, which is based upon the current index plus a variable margin. The balances at December 31, 2010 and 2009, were \$0 and \$175,000, respectively. The interest rate at December 31, 2010 and 2009, was 4.75%. Interest expense for the year ended December 31, 2010 and 2009, was \$6,969 and \$4,069, respectively.

Note 10 Advertising

The Revel uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. For 2010 and 2009, the Revel recorded advertising costs of \$146,901 and \$141,550, respectively. Included in these amounts were in-kind contributions received from various donors and recorded at fair value. For 2010 and 2009, the total in-kind contributions related to advertising were \$70,050 and \$71,945, respectively.

Note 11 Subsequent Events

The Revel has evaluated subsequent events through June 14, 2011, the date which the financial statements were available to be issued.

ROBERTS, CHERRY AND COMPANY
Certified Public Accountants, Consultants

Independent Auditor's Report

**The Governing Board
Red River Revel Arts Festival**

We have audited the accompanying statements of financial position of Red River Revel Arts Festival (the "Revel") as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Revel's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Red River Revel Arts Festival as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 14, 2011, on our consideration of the Red River Revel Arts Festival'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of audit.

ROBERTS, CHERRY AND COMPANY

ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
June 14, 2011

**Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed
in Accordance With Government Auditing Standards**

The Governing Board
Red River Revel Arts Festival

We have audited the financial statements of the Red River Revel Arts Festival (the "Revel") as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated June 14, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Revel's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Revel's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Revel's internal control over financial reporting.

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.

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 over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Revel's financial statements are free of 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 Governmental Auditing Standards.

We noted certain matters that we reported to management of the Red River Revel Art Festival in a separate letter dated June 14, 2011.

This report is intended solely for the information and use of Red River Revel Arts Festival, its management, the State of Louisiana Legislative Auditor, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

ROBERTS, CHERRY AND COMPANY

ROBERTS, CHERRY AND COMPANY

A Corporation of
Certified Public Accountants
Shreveport, Louisiana
June 14, 2011

ROBERTS, CHERRY AND COMPANY

Certified Public Accountants, Consultants

To The Finance Committee
Red River Revel Arts Festival
Shreveport, Louisiana

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the Red River Revel Arts Festival (the "Revel") for the year ended December 31, 2010. These items are offered as constructive suggestions to be considered as part of the ongoing process of modifying and improving the Revel's practices and procedures.

Auto Allowances and Reimbursements

Year of Origination – December 31, 2008

Criteria

Fringe benefits for employees are taxable wages unless specifically excluded by certain sections of the Internal Revenue Code.

Condition and Cause

We noted that the Revel paid flat monthly auto allowances for employees and that these allowances were not included in the employees' Form W-2, as required by income tax regulations.

Recommendation

We recommended that auto allowances paid to an employee be reported as "wages, tips and other compensation" on the employee's Form W-2, unless the employee makes an adequate accounting to the Company. An accounting would be adequate if reimbursement was based on actual business miles driven multiplied by a fixed mileage allowance not exceeding the per-mile amount allowable for tax purposes.

Corrective Action Taken

No action was taken.

Management's Corrective Action Plan

As of January 1, 2011, a separate auto allowance will not be paid to employees. The employee's salaries were increased to include the allowance and, therefore, will be reported on the Form W-2 for 2011.

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

ROBERTS, CHERRY AND COMPANY

Roberts, Cherry and Company

A Corporation of Certified Public Accountants
Shreveport, Louisiana
June 14, 2011