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**YOUNG AUDIENCES OF LOUISIANA, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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**YOUNG AUDIENCES OF LOUISIANA, INC.**

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*A Professional Accounting Corporation*

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors for  
Young Audiences of Louisiana, Inc.  
New Orleans, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Young Audiences of Louisiana, Inc. (a nonprofit organization) (the Organization) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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.

#### *Auditors' Responsibility*

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



### Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of Young Audiences of Louisiana, Inc. as of June 30, 2021 and 2020, 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.

### Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information listed in the table of contents is presented 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. In our opinion, the information is 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 our report dated May 23, 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* and in considering the Organization's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Metairie, Louisiana  
May 23, 2022

**YOUNG AUDIENCES OF LOUISIANA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

**ASSETS**

	2021	2020
<b><u>ASSETS</u></b>		
Cash	\$ 564,398	\$ 551,516
Accounts receivable	118,355	67,913
Grants receivable	623,387	328,525
Contract receivable	124,299	64,743
Due from related party	684,532	551,185
Investments	546,318	430,097
Beneficial interest in assets held by others	32,573	26,963
	\$ 2,693,862	\$ 2,020,942

**LIABILITIES AND NET ASSETS**

<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 263,219	\$ 148,110
Refundable advance - Paycheck Protection Program	10,799	59,194
	274,018	207,304
<b><u>NET ASSETS</u></b>		
Without donor restrictions	2,387,271	1,786,675
With donor restrictions	32,573	26,963
	2,419,844	1,813,638
Total liabilities and net assets	\$ 2,693,862	\$ 2,020,942

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

**YOUNG AUDIENCES OF LOUISIANA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and support:</b>						
Program fees	\$ 1,882,541	\$ -	\$ 1,882,541	\$ 1,768,102	\$ -	\$ 1,768,102
Contract revenue	388,084	-	388,084	358,977	-	358,977
Federal grants	1,435,043	-	1,435,043	1,184,957	-	1,184,957
Contributions	398,172	-	398,172	386,395	-	386,395
Fundraisers, net of cost of direct benefits to donors	-	-	-	19,435	-	19,435
Investment income, net	116,222	-	116,222	19,810	-	19,810
Beneficial interest income, net	-	6,719	6,719	-	310	310
Miscellaneous revenue	4,171	-	4,171	300	-	300
Paycheck Protection Program income	427,847	-	427,847	277,173	-	277,173
Net assets released from restrictions	1,109	(1,109)	-	1,094	(1,094)	-
<b>Total revenues and support</b>	<b>4,653,189</b>	<b>5,610</b>	<b>4,658,799</b>	<b>4,016,243</b>	<b>(784)</b>	<b>4,015,459</b>
<b>Expenses:</b>						
Program services	3,390,964	-	3,390,964	2,987,012	-	2,987,012
Supporting services:						
Management and general	474,497	-	474,497	491,336	-	491,336
Fundraising	187,132	-	187,132	176,467	-	176,467
<b>Total expenses</b>	<b>4,052,593</b>	<b>-</b>	<b>4,052,593</b>	<b>3,654,815</b>	<b>-</b>	<b>3,654,815</b>
Change in net assets	600,596	5,610	606,206	361,428	(784)	360,644
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>1,786,675</b>	<b>26,963</b>	<b>1,813,638</b>	<b>1,425,247</b>	<b>27,747</b>	<b>1,452,994</b>
<b>NET ASSETS AT END OF THE YEAR</b>	<b>\$ 2,387,271</b>	<b>\$ 32,573</b>	<b>\$ 2,419,844</b>	<b>\$ 1,786,675</b>	<b>\$ 26,963</b>	<b>\$ 1,813,638</b>

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

**YOUNG AUDIENCES OF LOUISIANA, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			Total
	Program Services	Supporting Services		
		Management & General	Fundraising	
Personnel expenses				
Salaries and benefits	\$ 1,545,197	\$ 247,995	\$ 114,459	\$ 1,907,651
Professional services	1,393,854	44,485	44,485	1,482,824
Payroll taxes	109,652	17,598	8,122	135,372
Total personnel expenses	<u>3,048,703</u>	<u>310,078</u>	<u>167,066</u>	<u>3,525,847</u>
Other expenses				
Accounting and legal	94,838	105,256	-	200,094
Advertising	7,133	-	1,783	8,916
Community outreach	677	608	97	1,382
Computer/website	14,923	-	5,803	20,726
Cooperative funding	-	17,500	-	17,500
Dues/memberships/subscriptions	548	-	366	914
Field trips and transportation	5,035	-	-	5,035
Fundraising activities	-	-	343	343
Insurance	-	4,198	-	4,198
Interest and bank charges	-	2,316	-	2,316
Miscellaneous	-	8,097	-	8,097
Office supplies	-	8,000	-	8,000
Parking	-	54	-	54
Postage	1,353	677	677	2,707
Program supplies	175,513	-	-	175,513
Rent	9,377	12,787	6,251	28,415
Staff/board development	-	180	-	180
Teacher recruitment	24,600	-	-	24,600
Telephone	4,127	3,367	3,367	10,861
Travel/conferences	4,137	1,379	1,379	6,895
Total other expenses	<u>342,261</u>	<u>164,419</u>	<u>20,066</u>	<u>526,746</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 3,390,964</u>	<u>\$ 474,497</u>	<u>\$ 187,132</u>	<u>\$ 4,052,593</u>

(continued)

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



**YOUNG AUDIENCES OF LOUISIANA, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2020			Total
	Program Services	Supporting Services		
		Management & General	Fundraising	
Personnel expenses				
Salaries and benefits	\$ 1,471,164	\$ 236,113	\$ 108,975	\$ 1,816,252
Professional services	1,160,848	37,048	37,048	1,234,944
Payroll taxes	106,691	17,125	7,904	131,720
Total personnel expenses	<u>2,738,703</u>	<u>290,286</u>	<u>153,927</u>	<u>3,182,916</u>
Other expenses				
Accounting and legal	35,908	115,565	-	151,473
Advertising	10,412	-	2,604	13,016
Community outreach	3,872	3,476	553	7,901
Computer/website	3,458	-	1,345	4,803
Cooperative funding	-	13,125	-	13,125
Field trips and transportation	23,815	-	-	23,815
Fundraising activities	-	-	23,029	23,029
Insurance	-	4,310	-	4,310
Interest and bank charges	-	4,552	-	4,552
Miscellaneous	1,006	5,199	628	6,833
Office supplies	-	16,798	-	16,798
Program supplies	113,475	-	-	113,475
Rent	7,940	10,827	5,293	24,060
Staff/board development	-	18,954	-	18,954
Teacher recruitment	28,200	-	-	28,200
Telephone	3,113	2,540	2,540	8,193
Travel/conferences	17,110	5,704	5,703	28,517
Total other expenses	<u>248,309</u>	<u>201,050</u>	<u>41,695</u>	<u>491,054</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	-	-	(19,155)	(19,155)
Total expenses included in the expense section on the statement of activities	<u>\$ 2,987,012</u>	<u>\$ 491,336</u>	<u>\$ 176,467</u>	<u>\$ 3,654,815</u>

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

**YOUNG AUDIENCES OF LOUISIANA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 606,206	\$ 360,644
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Investment and beneficial interest income	(122,940)	(19,918)
Changes in operating assets and liabilities:		
Accounts receivable	(50,442)	6,264
Grants receivable	(294,862)	(4,063)
Contracts receivable	(59,556)	93,007
Due from related party	(133,347)	(158,295)
Accounts payable □	115,109	(56,955)
Refundable advance - Paycheck Protection Program	(48,395)	59,194
	<u>11,773</u>	<u>279,878</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Proceeds from withdrawal of investment	<u>1,109</u>	<u>1,094</u>
	<u>1,109</u>	<u>1,094</u>
Net change in cash and cash equivalents	12,882	280,972
Cash, beginning of year	<u>551,516</u>	<u>270,544</u>
Cash, end of year	<u>\$ 564,398</u>	<u>\$ 551,516</u>

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

# YOUNG AUDIENCES OF LOUISIANA, INC.

## NOTES TO FINANCIAL STATEMENTS

### **1. Summary of Significant Accounting Policies**

#### Organization

Young Audiences of Louisiana, Inc. (the Organization), a nonprofit organization, was incorporated in the State of Louisiana in 1962 with the mission of inspiring, empowering, and uniting children through education, arts, and culture. The Organization presents cultural and educational activities, primarily workshops, plays, and concerts, for students and teachers throughout southeast Louisiana.

#### Basis of Accounting and Presentation of Net Assets

The accompanying financial statements of the Organization have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States (U.S. GAAP), which require the Organization to report its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor (or grantor) restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restrictions are accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates, and those differences could be material.

#### Cash and Cash Equivalents

Cash includes amounts on deposit at financial institutions. The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents, except for those amounts that are held in the investment portfolio which are invested for long-term purposes. There were no cash equivalents at June 30, 2021 and 2020.

## YOUNG AUDIENCES OF LOUISIANA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **1. Summary of Significant Accounting Policies (continued)**

##### Receivables

Receivables, consisting of accounts receivable, grants receivable, contract receivable, and due from related party, are stated at the amount management expects to collect from outstanding balances. The Organization determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. At June 30, 2021 and 2020, the Organization did not deem any receivables to be uncollectable; therefore, no allowance was recorded.

##### Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net investment income consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Net investment income earned on donor restricted net assets which are perpetual in nature is recorded in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

##### Beneficial Interest in Assets Held by Others

The Organization has been named as an irrevocable beneficiary of a perpetual trust held and administered by an independent trustee. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities, and a beneficial interest in assets held by others is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, the beneficial interest in the trust is reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

##### Income Taxes

The Organization is a not-for-profit corporation organized under the laws of the State of Louisiana. The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code), and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

## YOUNG AUDIENCES OF LOUISIANA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **1. Summary of Significant Accounting Policies (continued)**

##### Revenue and Revenue Recognition

The Organization recognizes program fees and contract revenue when the programs are recognized over the program period as the services are provided and the performance obligations have been satisfied.

Revenues from federal grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized when the Organization has met the performance requirements and/or incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Organization recognized as revenue all funds related to these grants during the years ended June 30, 2021 and 2020.

Contributions and revenues from non-federal grants are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional contributions – that is, those with measurable performance or other barriers and right of return (or release) are not recognized until the conditions on which they depend have been substantially met.

Refundable advances as reported on the statement of financial position consist of Paycheck Protection Program funding received for which eligible expenditures have not been incurred at June 30, 2021 and 2020.

##### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are charged directly to program or support services categories based on specific identification where possible. Key expense categories have been allocated using the following methodologies: salaries and employee-related expenses – time and effort; rent and insurance – management's estimates and usage of the leased premises.

## **YOUNG AUDIENCES OF LOUISIANA, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **1. Summary of Significant Accounting Policies (continued)**

##### **Recently Adopted Accounting Standards**

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. There were no material changes to recognition or presentation of revenue as a result of the application of this ASU.

In 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in ASU 2018-13 apply to all entities that are required, under existing U.S. generally accepted accounting principles (U.S. GAAP), to make disclosures about recurring or nonrecurring fair value measurements. These amendments were effective for the Organization's year ended June 30, 2021, with no significant impact on presentation.

##### **Accounting Pronouncements Issued but Not Yet in Effect**

On September 17, the FASB issued ASU 2020-07 Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU requires the new standard to be applied retrospectively, with amendments taking effect for the Organization's fiscal year ending June 30, 2022.

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard's implementation. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. This standard will be effective for the Organization's fiscal year ending June 30, 2023.

The Organization is currently assessing the impact if any of these pronouncements on the financial statements.

**YOUNG AUDIENCES OF LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**2. Liquidity and Availability**

The table below presents the Organization's financial assets available for general expenditures within one year at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash	\$ 564,398	\$ 551,516
Accounts and other receivables	1,550,573	1,012,366
Investments	546,318	430,097
Beneficial interest in assets held by others	<u>32,573</u>	<u>26,963</u>
Total financial assets	2,693,862	2,020,942
Less: amounts not available to be used within one year for general expenditures:		
Assets with donor restrictions	<u>32,573</u>	<u>26,963</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,661,289</u>	<u>\$ 1,993,979</u>

The Organization's goal is to maintain financial assets at a level equal to 90-120 days of its operating expenses (approximately \$830,000-\$1,100,000). As part of the Organization's liquidity management plan, any large, long-term excess cash may be invested.

**3. Beneficial Interest in Assets Held by Others**

The Organization maintains a beneficial interest in assets at the Greater New Orleans Foundation (GNOF). The beneficial interest is an investment pool managed by Cambridge Associates, who monitor investment returns for the beneficial interest. The amount available for distribution is equal to 4% of the previous twelve quarters average beneficial interest balance, with September 30<sup>th</sup> of the previous year being the most recent quarter. See Note 4 for further information on the market value of the beneficial interest.

**4. Fair Value Measurements**

FASB authoritative guidance for fair value measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**YOUNG AUDIENCES OF LOUISIANA, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**4. Fair Value Measurements (continued)**

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under the guidance are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

*Mutual funds, equities, and exchange traded and closed ended funds (ETFs and CEFs):* Valued at the closing price reported on the active market on which the individual securities or commodities are traded.

*Beneficial interest:* Valued based on the fair value of fund investments as reported by GNOF.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value, except those measured at cost, as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 142,455	\$ -	\$ -	\$ 142,455
Equities	353,133	-	-	353,133
ETFs and CEFs	40,763	-	-	40,763
Beneficial interest	-	-	32,573	32,573
	<u>\$ 536,351</u>	<u>\$ -</u>	<u>\$ 32,573</u>	568,924
Cash, at cost				<u>9,967</u>
				<u>\$ 578,891</u>



## YOUNG AUDIENCES OF LOUISIANA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### **4. Fair Value Measurements (continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value, except those measured at cost, as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 132,813	\$ -	\$ -	\$ 132,813
Equities	250,398	-	-	250,398
ETFs and CEFs	33,230			33,230
Beneficial interest	-	-	26,963	26,963
	<u>\$ 416,441</u>	<u>\$ -</u>	<u>\$ 26,963</u>	<u>443,404</u>
Cash, at cost				<u>13,656</u>
				<u>\$ 457,060</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Beneficial interest, beginning of year	\$ 26,963	\$ 27,747
Beneficial interest income, net	6,719	310
Distributions	(1,109)	(1,094)
Beneficial interest, end of year	<u>\$ 32,573</u>	<u>\$ 26,963</u>

#### **5. Cooperative Funding Expense**

The national Young Audiences organization computes the Organization's share of cooperative funding expense based upon their eligible revenues compared to revenues of all chapters. Cooperative funding for the years ended June 30, 2021 and 2020 totaled \$17,500 and \$13,125, respectively.

#### **6. Operating Leases**

On January 1, 2019, the Organization entered into a lease agreement with minimum monthly rental payments of \$2,388 for the use of classroom and storage space. The lease expired on December 31, 2019 and was renewed through December 31, 2020. Monthly minimum rental payments were \$2,439 under the renewed lease agreement. The lease was not renewed subsequent to December 31, 2020.

Rent expense for operating leases during the years ended June 30, 2021 and 2020 was \$28,415 and \$24,060, respectively.

## **YOUNG AUDIENCES OF LOUISIANA, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **7. Concentrations and Credit Risk**

For the years ended June 30, 2021 and 2020, the Organization received 31% and 30%, respectively, of its revenues and 40% and 33% of its receivables, respectively, from federal grants. The Organization's other significant source of revenue is from a related party. See Note 8.

The Organization manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts.

#### **8. Related Party Transactions**

The Organization provides arts and education programs services along with management oversight and staff training to a related party, Young Audiences Charter Association (YACA). The Organization recorded approximately \$1,625,000 and \$1,443,000 in program fees revenue related to such services for the years ended June 30, 2021 and 2020 on the accompanying statements of activities. Amounts outstanding at June 30, 2021 and 2020, are recorded and classified as due from related party in the accompanying statements of financial position. In addition, certain in-kind services related to the start-up of YACA were provided by the Organization; however, the financial statements do not reflect the value of such services because they do not meet the criteria prescribed by U.S. GAAP.

#### **9. Paycheck Protection Program**

During the year ended June 30, 2020, the Organization applied for and was approved for a \$336,367 loan under the Paycheck Protection Program administered by the Small Business Administration as part of the relief efforts related to COVID-19. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized. The Organization recognized \$277,173 of the loan as an unconditional contribution, which is recorded in the statement of activities for the year ended June 30, 2020, having met the conditions for forgiveness by incurring eligible expenditures. The remaining \$59,194 was recognized as a refundable advance, which is recorded in the consolidated statement of financial position at June 30, 2020, and was recognized as revenue during fiscal year 2021. The loan was fully forgiven during the year ended June 30, 2021.

During the year ended June 30, 2021, the Organization applied for and was approved for a Paycheck Protection Program Second Draw of \$379,452. The second draw is also administered by the Small Business Administration as part of the relief efforts related to COVID-19. The Organization is eligible for second draw forgiveness of up to 100% upon meeting certain requirements. The Organization recognized \$368,653 as revenue for the year ended June 30, 2021 and the remaining \$10,799 is recognized as a refundable advance in the consolidated statement of financial position at June 30, 2021 and will be recognized as revenue in fiscal year 2022.

#### **10. Subsequent Events**

Management has evaluated events through the date that the financial statements were available to be issued, May 23, 2022, and determined that no events occurred that required additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

**SUPPLEMENTAL INFORMATION**

**YOUNG AUDIENCES OF LOUISIANA, INC.**  
**SCHEDULE OF COMPENSATION, BENEFITS,**  
**AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Agency Head Name: Rickie Nutik, CEO

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 115,300
Benefits - health insurance	4,945
Benefits - FICA & Medicare	8,711
	<u>\$ 128,956</u>

Note: Mr. Nutik participates in a retirement plan, but no employer match is offered at this time.

See accompanying independent auditors' report.



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*A Professional Accounting Corporation*

**INDEPENDENT AUDITORS' 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 for  
Young Audiences of Louisiana, Inc.  
New Orleans, 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 financial statements of Young Audiences of Louisiana, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2021, and the related statement 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 May 23, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 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 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. 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 the Organization'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*.

### 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.

*Postlethwaite & Netterville*

Metairie, Louisiana  
May 23, 2022

**YOUNG AUDIENCES OF LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**

**(1) Summary of Independent Auditors' Results**

*Financial Statements*

The type of report issued on the financial statements: Unmodified opinion

Internal control over financial reporting:

• Material weakness(es) identified? No

• Significant deficiency(ies) identified that are not considered to be material weaknesses? None noted

Noncompliance material to the financial statements noted? No

**(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:**

None

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**YOUNG AUDIENCES OF LOUISIANA, INC.**  
**REPORTS ON COMPLIANCE AND INTERNAL CONTROL**  
**REQUIRED BY UNIFORM GUIDANCE**

**JUNE 30, 2021**

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**YOUNG AUDIENCES OF LOUISIANA, INC.**  
**REPORTS ON COMPLIANCE AND INTERNAL CONTROL**  
**REQUIRED BY UNIFORM GUIDANCE**

**JUNE 30, 2021**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

To the Board of Directors for  
Young Audiences of Louisiana, Inc.

**Report on Compliance for Major Federal Program**

We have audited Young Audiences of Louisiana, Inc.'s (a nonprofit organization) (the Organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2021. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.



### **Opinion on Major Federal Program**

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Organization as of and for the year ended June 30, 2021, and have issued our report thereon dated May 23, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Postlethwaite & Netterville*

Metairie, Louisiana  
May 23, 2022

**YOUNG AUDIENCES OF LOUISIANA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass- Through Grantor</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Federal Expenditures</b>
<b><u>United States Department of Education</u></b>			
Assistance for Arts Education Development and Dissemination	84.351D	N/A	\$ 619,007
<i>Louisiana Department of Education:</i>			
Twenty-First Century Community Learning Centers	84.287C	28-20-2C-NO	<u>816,036</u>
<b>Total United States Department of Education</b>			<u>1,435,043</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$ 1,435,043</u></u>

See the accompanying notes to the schedule of expenditures of federal awards.

**YOUNG AUDIENCES OF LOUISIANA, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2021**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Young Audiences of Louisiana, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization. The Organization's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2021.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Organization's financial statements for the year ended June 30, 2021. Such expenditures are recognized following the cost principles contained in accordance with the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic financial statements.

3. Relationship to financial statements

Federal revenues of \$1,435,043 are included in federal grant revenue on the statement of activities.

4. De Minimis Cost Rate

During the year ended June 30, 2021, the Organization did not elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance.

5. Amounts Passed Through to Subrecipients

The Organization did not pass through any federal funding to subrecipients.

**YOUNG AUDIENCES OF LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2021**

(1) **Summary of Independent Auditors' Results**

*Financial statements*

The type of report issued on the financial statements: Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None noted

Noncompliance material to the financial statements noted? No

*Federal Awards*

Internal controls over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None noted

Type of auditor's report issued on compliance for major programs: Unmodified opinion

Any audit findings which are required to be reported under the Uniform Guidance? No

Identification of major program:

Twenty-First Century Community Learning Centers: Assistance Listing Number: 84.287C

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee under Section 530 of The Uniform Guidance: No



**YOUNG AUDIENCES OF LOUISIANA, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2021**

**(2) Findings Relating to the Financial statements Reported in Accordance with *Government Auditing Standards*:**

None noted

**(3) Findings and Questioned Costs relating to Federal Awards:**

None noted.

**No Schedule of Prior Year Findings and Questioned Costs is presented as there were no audit findings and questioned costs in the prior year.**