
YOUNG AUDIENCES CHARTER ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022

YOUNG AUDIENCES CHARTER ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS

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TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 – 3
<u>CONSOLIDATED FINANCIAL STATEMENTS</u>	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	6 – 7
Consolidated Statements of Cash Flows	8
<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	9 – 19
<u>SUPPLEMENTAL INFORMATION</u>	
Consolidating Statement of Financial Position	20
Consolidating Statement of Activities	21
YACA Statement of Financial Position - By Parish	22
YACA Statement of Activities - By Parish	23
Schedule of Compensation, Benefits, and Other Payments to Agency Head	24
<u>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</u>	25 – 26



INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
Young Audiences Charter Association
Gretna, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Young Audiences Charter Association (a nonprofit organization) (the Organization) which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Young Audiences Charter Association as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter Regarding a Correction of an Error

As discussed in Note 13 to the consolidated financial statements, a liability and related expense in the amount of \$235,084 was excluded from the consolidated statement of financial position and consolidated statement of activities as of and for the year ended June 30, 2021. Accordingly, the liability and related expense have been restated in the 2021 financial statements now presented to correct this error. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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



In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities, YACA statement of financial position - by parish, YACA statement of activities - by parish, and schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 March 24, 2023, 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 the Organization's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
March 24, 2023

YOUNG AUDIENCES CHARTER ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	2022	2021 (restated)
<u>CURRENT ASSETS</u>		
Cash	\$ 4,324,244	\$ 5,603,492
Cash restricted for student activities	43,231	43,231
Federal grants receivable	2,756,146	623,469
Accounts receivable	156,753	-
Due from related party	55,071	37,134
Prepaid expenses	93,742	88,142
Total current assets	7,429,187	6,395,468
<u>NONCURRENT ASSETS</u>		
Property and equipment, net	22,428,301	25,878,978
Cash restricted for construction and debt service	4,378,629	2,453,726
Deposits	21,737	21,737
Total noncurrent assets	26,828,667	28,354,441
Total assets	\$ 34,257,854	\$ 34,749,909

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 1,880,494	\$ 1,223,231
Due to related party	410,069	237,904
Accrued expenses	749,101	532,232
Bonds payable	280,000	145,000
Total current liabilities	3,319,664	2,138,367
<u>NONCURRENT LIABILITIES</u>		
Bonds payable, net	24,871,164	25,081,701
Interest payable	310,278	312,245
Total noncurrent liabilities	25,181,442	25,393,946
Total liabilities	28,501,106	27,532,313
<u>NET ASSETS</u>		
Without donor restrictions	5,691,269	7,127,117
With donor restrictions	65,479	90,479
Total net assets	5,756,748	7,217,596
Total liabilities and net assets	\$ 34,257,854	\$ 34,749,909

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

YOUNG AUDIENCES CHARTER ASSOCIATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
JUNE 30, 2022 AND 2021

	2022			2021 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
State public school funds	\$ 21,951,680	\$ -	\$ 21,951,680	\$ 15,108,860	\$ -	\$ 15,108,860
Federal grants - food services	1,247,886	-	1,247,886	530,295	-	530,295
Other federal grants	3,103,170	-	3,103,170	1,231,143	-	1,231,143
Donations and contributions	156,374	-	156,374	64,564	47,248	111,812
Other revenue	699,118	-	699,118	3,447,681	-	3,447,681
Rental income	115,766	-	115,766	219,295	-	219,295
Gain (loss) on write-down of property and equipment	(1,432,520)	-	(1,432,520)	-	-	-
Net assets released from restrictions	25,000	(25,000)	-	21,185	(21,185)	-
Total revenues and other support	25,866,474	(25,000)	25,841,474	20,623,023	26,063	20,649,086
Expenses:						
Program services	16,242,900	-	16,242,900	9,960,341	-	9,960,341
Supporting services:						
Management and general	11,059,422	-	11,059,422	6,869,833	-	6,869,833
Total expenses	27,302,322	-	27,302,322	16,830,174	-	16,830,174
Change in net assets	(1,435,848)	(25,000)	(1,460,848)	3,792,849	26,063	3,818,912
NET ASSETS AT BEGINNING OF YEAR	7,127,117	90,479	7,217,596	3,334,268	64,416	3,398,684
NET ASSETS AT END OF YEAR	\$ 5,691,269	\$ 65,479	\$ 5,756,748	\$ 7,127,117	\$ 90,479	\$ 7,217,596

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

YOUNG AUDIENCES CHARTER ASSOCIATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022		
	Program Services	Supporting Services	Total
	Instructional	Management and General	
Salaries	\$ 8,463,298	\$ 2,046,902	\$ 10,510,200
Professional purchased services	2,613,025	2,048,558	4,661,583
Employee benefits	1,839,488	337,859	2,177,347
Transportation services	-	2,128,221	2,128,221
Food service	-	877,257	877,257
Materials and supplies	890,753	312,370	1,203,123
Other expenses	100,994	461,800	562,794
Purchased property services	114,286	965,044	1,079,330
Textbooks, books, workbooks, periodicals	703,450	30	703,480
Insurance	259,737	111,316	371,053
Utilities	241,175	103,362	344,537
Depreciation expense	522,352	224,865	747,217
Amortization expense	58,643	25,132	83,775
Other purchased services	4,159	125,426	129,585
Equipment	431,540	26,922	458,462
Interest expense	-	1,264,358	1,264,358
	\$ 16,242,900	\$ 11,059,422	\$ 27,302,322

(continued)

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

YOUNG AUDIENCES CHARTER ASSOCIATION
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2021		
	Program Services	Supporting Services	Total
	Instructional	Management and General	
Salaries	\$ 5,302,085	\$ 1,288,633	\$ 6,590,718
Professional purchased services	1,218,233	855,046	2,073,279
Employee benefits	1,072,146	227,606	1,299,752
Transportation services	-	720,260	720,260
Food service	-	428,180	428,180
Materials and supplies	705,594	318,879	1,024,473
Other expenses	124,649	364,655	489,304
Purchased property services	39,915	799,621	839,536
Textbooks, books, workbooks, periodicals	326,388	-	326,388
Insurance	189,568	81,243	270,811
Utilities	128,605	55,117	183,722
Depreciation expense	488,650	209,421	698,071
Amortization expense	58,643	25,133	83,776
Other purchased services	2,040	94,092	96,132
Equipment	303,825	135,622	439,447
Interest expense	-	1,266,325	1,266,325
	\$ 9,960,341	\$ 6,869,833	\$ 16,830,174
Total expenses	\$ 9,960,341	\$ 6,869,833	\$ 16,830,174

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

YOUNG AUDIENCES CHARTER ASSOCIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021 (restated)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (1,460,848)	\$ 3,818,912
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	747,217	698,071
Amortization of bond issuance costs	83,775	83,776
Amortization of bond premium	(14,312)	(14,312)
(Gain) loss on sale of historic tax credits	-	(3,407,199)
(Gain) loss on write-down of property and equipment	1,432,520	-
Changes in operating assets and liabilities:		
Prepaid expenses	(5,600)	45,118
Federal grants receivable	(2,132,677)	(455,554)
Accounts receivable	(156,753)	30,679
Due from related party	(17,937)	(37,134)
Deposits	-	38
Accounts payable	679,363	384,724
Due to related party	172,165	(199,284)
Accrued expenses	216,869	126,332
Interest payable	(1,967)	-
Net cash provided by (used in) operating activities	<u>(458,185)</u>	<u>1,074,167</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	<u>(1,018,640)</u>	<u>(7,480,417)</u>
Net cash used in investing activities	<u>(1,018,640)</u>	<u>(7,480,417)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Payments on bonds	(145,000)	-
Proceeds from sale of historic tax credits	-	3,407,199
Proceeds from insurance settlement	<u>2,267,480</u>	<u>-</u>
Net cash provided by financing activities	<u>2,122,480</u>	<u>3,407,199</u>
Net change in cash	645,655	(2,999,051)
Cash, beginning of year	<u>8,100,449</u>	<u>11,099,500</u>
Cash, end of year	<u>\$ 8,746,104</u>	<u>\$ 8,100,449</u>
<u>RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION</u>		
Cash	\$ 4,324,244	\$ 5,603,492
Cash restricted for student activities	43,231	43,231
Cash restricted for construction	<u>4,378,629</u>	<u>2,453,726</u>
Total cash and restricted cash	<u>\$ 8,746,104</u>	<u>\$ 8,100,449</u>
<u>DISCLOSURE OF SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES</u>		
Cash paid during the year for interest	<u>\$ 1,266,325</u>	<u>\$ 1,257,663</u>
Change in accounts payable related to property and equipment	<u>\$ 22,100</u>	<u>\$ 1,079,805</u>
Net capitalized interest in construction in progress	<u>\$ -</u>	<u>\$ 182,991</u>

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

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

Young Audiences Charter Association (YACA), a nonprofit organization, was incorporated in 2013 for the original purpose of operating a charter school located in Gretna, Louisiana. YACA was created to provide a rigorous learning environment where students achieve academically, develop intellectual curiosity, and practice environmental responsibility while integrating arts education and quality after-school programs. YACA's initial school year began in August 2013.

The Jefferson Parish Public School System (JPPSS) granted YACA a Type 1 charter to operate Young Audiences Charter School (YACS). Effective July 1, 2021, the Orleans Parish School Board (OPSB) authorized YACA to operate Lawrence D. Crocker, a Type 1 charter school. YACA is a component unit of JPPSS and OPSB. YACA has full responsibility for its finances and operations. YACA operated as a Pre-K to 11 and Pre-K to 10 charter school for the years ended June 30, 2022 and 2021, respectively. YACA had an average student enrollment of 1,921 and 1,422 for the years ended June 30, 2022 and 2021, respectively.

The financial statements of YACA are consolidated with the financial statements of Friends of Young Audiences Charter Association (Friends), collectively referred to as the "Organization". All material intercompany account balances and transactions have been eliminated. Friends, a Type II supporting organization under Internal Revenue Code 509(a)(3), was formed in 2018 primarily to raise capital and issue bonds for construction of a new school building for YACA.

Basis of Accounting and Presentation of Net Assets

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding 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-imposed 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 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 actions of the Organization or by the passage of time. 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 restriction is accomplished) in the reporting period in which 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 consolidated statements of activities.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with original maturities of three months or less, which are neither held for or restricted by donors for long-term purposes, to be cash equivalents. The Organization held no cash equivalents at June 30, 2022 and 2021, respectively

Cash consists of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts received from individual donors or entities who state the specific use of the contribution is for student activities and proceeds from a bond issuance which stated the specific use of the proceeds is for construction.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization provides for probable uncollectable amounts through a provision to bad debt expense and adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or grants receivable. As of June 30, 2022 and 2021, management did not deem any receivables to be uncollectable; therefore, no allowance was recorded.

Prepaid Expenses

Prepaid expenses include health insurance premiums and payments made to vendors for services that will benefit periods beyond June 30, 2022 and 2021.

Deposits

Deposits are assets related to the Vanguard Modular leased buildings. The Organization will be refunded the deposits once the lease term has expired (see Note 5).

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment is capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment are recorded at fair market value as of the date received. The Organization capitalizes property and equipment with values over \$5,000 per item. Land and construction-in-progress are not considered depreciable assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Machinery and equipment	3-5 years
Building, building improvements, and leasehold improvements	5-35 years or the lease term, whichever is shorter

When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

See Note 14 for additional disclosure related to impairment of property and equipment.

Income Taxes

YACA and Friends are not-for-profit corporations organized under the laws of the State of Louisiana. They are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code), and qualify as organizations that are not private foundations 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, if any; 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 consolidated financial statements.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

Revenues from federal and some state grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue 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 consolidated statements of financial position. The Organization recognized as revenue all funds related to these grants during the years ended June 30, 2022 and 2021.

The Organization recognizes non-federal grants and contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – 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. The Organization did not have any conditional promises to give at June 30, 2022 and 2021.

Rental income is recognized as the rent becomes due. Rental payments received in advance are deferred until earned. All leases between the Organization and the tenants of the property are operating leases.

Contributed Services

The value of contributed services is recorded, at fair value, as revenues and support and expense in the period received, provided there is an objective basis for measurement of the value of such services and they are significant, require specialized skills and form an integral part of the Organization's efforts. The Organization did not recognize donated services during the years ended June 30, 2022 and 2021.

In addition, the Organization receives services donated by parents and community members in carrying out the Organization's mission. The value of these services is not recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition under U.S. GAAP.

Functional Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated 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. The majority of expenses have been specifically identified with a program or supporting service. Certain costs have been allocated among the programs and supporting services benefited using appropriate methodologies. Salaries and employee benefits have been allocated based on time and effort. Insurance, utilities, and depreciation expenses have been allocated based on square footage.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standards

As of July 1, 2021, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (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 Organization's adoption of ASU No. 2020-07 did not result in any adjustments to their financial statement presentation or changes in disclosures.

2. Liquidity and Availability

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments.

The Organization receives the majority of its revenue from the State of Louisiana Minimum Foundation Program Funding and from various federal and state grants passed through JPPSS. The grant amounts are appropriated each year by the federal and state governments.

The Organization manages its available cash to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance long-term commitments will continue to be met, ensuring the sustainability of the Organization.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Liquidity and Availability (continued)

The following presents the Organization's financial assets and those available to meet general expenditures within one year at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash	\$ 8,746,104	\$ 8,100,449
Federal grants receivable	2,756,146	623,469
Accounts receivable	156,753	-
Due from related party	<u>55,071</u>	<u>37,134</u>
Total financial assets	11,714,074	8,761,052
Less amounts not available to be used within one year		
Cash from bond issuance restricted for construction and debt service	4,378,629	2,453,726
Cash restricted for student activities	<u>43,231</u>	<u>43,231</u>
	<u>4,421,860</u>	<u>2,496,957</u>
Financial assets available for general expenditures within one year	<u>\$ 7,292,214</u>	<u>\$ 6,264,095</u>

3. Property and Equipment

Property and equipment is summarized as follows at June 30:

	<u>2022</u>	<u>2021</u>
Building	\$ 21,196,972	\$ 24,679,121
Building improvements	196,402	196,402
Leasehold improvements	118,387	118,387
Construction-in-progress	770,557	-
Machinery and equipment	46,442	38,310
Land	<u>1,891,176</u>	<u>1,891,176</u>
	24,219,936	26,923,396
Less accumulated depreciation	<u>(1,791,635)</u>	<u>(1,044,418)</u>
Property and equipment, net	<u>\$ 22,428,301</u>	<u>\$ 25,878,978</u>

Construction-in-progress consists predominantly of repair/restoration to a building that was damaged during Hurricane Ida on August 29, 2021. See Note 14 for additional disclosure of this matter.

Included in accounts payable on the consolidated statements of financial position was approximately \$350,000 and \$370,000 of construction-related liabilities as of June 30, 2022 and 2021, respectively.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Net assets with Donor Restrictions

As of June 30, 2022, net assets with donor restrictions included \$43,231 restricted for student activities and \$22,248 with other purpose restrictions. As of June 30, 2021, net assets with donor restrictions included \$43,231 restricted for student activities and \$47,248 with other purpose restrictions.

Cash restricted for student activity fees is maintained in a separate bank account.

5. Operating Leases

The Organization entered into an operating lease agreement with the JPPSS for the use of Kate Middleton Elementary School located in Gretna, Louisiana as its school facilities at a rate of \$88 per student per year for the years ended June 30, 2022 and 2021, to compensate the lessor for the cost of providing property and casualty insurance on the leased premises. The current term of the lease commenced on July 1, 2018 and expires on June 30, 2023. The Organization is responsible for the payment of utilities, janitorial, sanitation, and disposal services. The Organization paid \$53,555 and \$54,763 for the years ended June 30, 2022 and 2021, respectively. Future minimum commitments are based on the Organization's estimate of student enrollment.

In July 2020, the Organization entered into a lease agreement for the use of a copy machine. The lease has a term of 63 months with monthly payments of \$3,595.

In addition, the Organization entered into an operating lease agreement on May 5, 2016, with a leasing company for the use of a modular building. The commencement date on this lease was July 5, 2016, and had an initial term of 24 months; the lease has been extended, most recently on September 30, 2020 through May 29, 2021, and then again on May 30, 2021 through May 29, 2022, with monthly payments of \$3,634. The Organization recognized \$43,608 and \$42,340 in rent expense related to this lease for the years ended June 30, 2022 and 2021, respectively

Future minimum commitments under the operating lease agreements are estimated to be as follows:

2023	\$	164,142
2024		164,142
2025		118,811
2026		118,811
2027		75,610
Total	<u>\$</u>	<u>641,516</u>

In June 2019, Friends entered into a five-year lease agreement to rent building space to a third party at a rate of \$9,254 per month with annual increases of 3%. The space subject to this lease is included within Buildings in Note 3.

Future minimum receipts under the agreement are estimated to be as follows:

2023	\$	121,356
2024		124,992
	<u>\$</u>	<u>246,348</u>

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Bonds Payable

Outstanding bonds consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
LPFA Revenue Bonds (Young Audiences Charter School Project) Series 2019A, interest at 5.0%, payable semi-annually, principal installments due beginning April 1, 2023 through April 1, 2057	\$ 24,980,000	\$ 24,980,000
LPFA Revenue Bonds (Young Audiences Charter School Project) Series 2019, interest at 5.5%, payable semi-annually, principal installments due beginning April 1, 2022 through April 1, 2023	170,000	315,000
	<u>25,150,000</u>	<u>25,295,000</u>
Unamortized premium on bonds	500,913	515,225
Unamortized issuance costs	<u>(499,749)</u>	<u>(583,524)</u>
	<u>\$ 25,151,164</u>	<u>\$ 25,226,701</u>

Louisiana Public Facilities Authority Revenue Bonds Series 2019

On June 18, 2019, the Organization issued \$24,980,000 of Louisiana Public Facilities Authority Revenue Bonds Series 2019A and \$315,000 of Louisiana Public Facilities Authority Revenue Bonds Series 2019B (Series 2019). The proceeds of the bonds were used for the purpose of obtaining and constructing a new campus for the YACA.

The principal obligations on indebtedness will mature as follows for the years ending June 30:

2023	\$ 280,000
2024	290,000
2025	305,000
2026	320,000
2027	340,000
Thereafter	<u>23,615,000</u>
Total	<u>\$ 25,150,000</u>

The bonds are secured by funds of Friends and are subject to certain reporting and financial covenants. Management believes that the Organization is in compliance with all covenants as of June 30, 2022.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Retirement Plan

Employees of YACA may participate in an employer sponsored retirement plan. Eligible employees may elect to contribute a portion of their salaries to the plan. YACA's matching contribution to the Plan is 100% of the participant's contributions not to exceed 5% of the participant's compensation. YACA made contributions to the plan of \$57,153 and \$47,502 for the years ended June 30, 2022 and 2021, respectively.

8. Concentrations and Credit Risk

The Organization receives its support primarily from JPPSS and OPSB as a flow through from the Louisiana State Department of Education and the United States Department of Education. For the years ended June 30, 2022 and 2021, the Organization received approximately 80% and 73%, respectively, of its total revenue from state public school funds. For the years ended June 30, 2022 and 2021, 100% of students resided in Jefferson Parish and Orleans Parish in Louisiana in accordance with the enrollment eligibility requirements set forth in the Organization's charters.

The Organization has concentrated its credit risk for cash by maintaining deposits in national financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

9. Commitments

The continuation of the Organization is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contracts with the JPPSS and OPPSS. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the Governor or by any means provided in the appropriations act to prevent the appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

The Organization participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2022 and 2021 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Organization.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Federal Grants Receivable

Federal grants receivable is comprised of the following balances for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Title I	\$ 386,088	\$ 51,749
Special Education	96,582	-
Child Nutrition	309,360	85,917
CARES/ESSER	<u>1,964,116</u>	<u>485,803</u>
Total federal grants receivable	<u>\$ 2,756,146</u>	<u>\$ 623,469</u>

11. Related Parties Transactions

The Organization had amounts payable to an affiliate, Young Audience of Louisiana (YALA). The total amount recorded as due to related party for the years ended June 30, 2022 and 2021 on the accompanying consolidated statements of financial position was \$410,069 and \$237,904, respectively. YALA provided services that were primarily for arts and culture education programs, along with management oversight and staff training. For those services, the Organization paid YALA \$2,887,603 and \$1,624,865 for the years ended June 30, 2022 and 2021, respectively. Amounts payable to YALA are noninterest bearing and have no specified repayment terms; however, the Organization has classified amounts payable as current because management expects to pay these amounts within the next year. The Organization had amounts receivable from YALA totaling \$55,071 and \$37,134 at June 30, 2022 and 2021, respectively, included as due from related party on the accompanying consolidated statements of financial position.

12. State Tax Credit for Qualified Rehabilitation of Historic Structure

In January 2021, the Louisiana Division of Historic Preservation certified \$19,584,244 of rehabilitation expenditures incurred by the Organization on the construction of their new campus in Gretna, Louisiana. Under R.S. 47:6019, the Organization is eligible to receive twenty percent (20%) of total eligible rehabilitation expenditures through the Louisiana Department of Revenue (LDR), upon confirmation of the certified amount of the tax credit by the LDR.

Final certifications were submitted to the LDR in January 2021 for confirmation of the amount of tax credits earned. The LDR granted the Organization tax incentives related to the credits in the amount of \$3,916,321 based on approved qualified rehabilitation expenditures of \$19,581,604.

Additionally, in 2019, the Organization entered into an agreement with an investor to sell its interest in the earned historic tax credits. The historic tax credits were sold in April 2021 in the amount of \$3,407,199. Proceeds from the sale are recorded as other revenue in the consolidated statements of activities for the year ended June 30, 2021. The entire amount was received in cash prior to June 30, 2021.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Correction of an Error

During the year ended June 30, 2022, the Organization discovered that the previously issued 2021 financial statements had understated services expense. As a result, for the year ended June 30, 2021 program services on the consolidated statement of activities were understated by \$149,084 and supporting services were understated by \$86,000; professional purchased services on the consolidated statement of functional expenses were understated by \$235,084; and accounts payable on the consolidated statement of financial position were understated by \$235,084 at June 30, 2021. The Organization has restated these consolidated financial statements, along with the associated impact on the statement of cash flows, within the accompanying consolidated financial statements.

14. Contingencies

On August 29, 2021, the YACS building suffered significant damage from Hurricane Ida. The Organization recorded an impairment loss of \$3,700,000 based on the net book value of the building of \$23,808,842 and the restoration cost ratio of 15.6% to repair the damaged asset. During the year, the Organization received insurance settlement proceeds of \$2,267,480 related to the damaged building. The Organization has recorded a loss on write-down of property and equipment of \$1,432,520 in the consolidated statement of activities for this event.

The Organization has capitalized costs of \$715,827 that are considered repair/replacement of the damaged assets and is still in the process of finalizing the insurance settlement for the damage sustained. However, the Organization has made an assessment that the cost to repair the damaged asset is approximately \$3,833,000.

15. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, March 24, 2023, and determined that other than the matters above, there were no other events that require additional disclosure. No events after this date have been evaluated for inclusion in the consolidated financial statements.

SUPPLEMENTAL INFORMATION

YOUNG AUDIENCES CHARTER ASSOCIATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

	<u>YACA</u>	<u>Friends</u>	<u>Eliminations</u>	<u>Total</u>
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	4,072,552	\$ 251,692	\$ -	\$ 4,324,244
Cash restricted for student activities	43,231	-	-	43,231
Federal grants receivable	2,756,146	-	-	2,756,146
Accounts receivable	802,997	-	(646,244)	156,753
Due from related party	36,007	19,064	-	55,071
Prepaid expenses	93,742	-	-	93,742
	<u>7,804,675</u>	<u>270,756</u>	<u>(646,244)</u>	<u>7,429,187</u>
<u>NONCURRENT ASSETS</u>				
Property and equipment, net	174,652	21,796,377	457,272	22,428,301
Cash restricted for construction and debt service	94,167	4,378,629	(94,167)	4,378,629
Deposits	19,559	2,178	-	21,737
	<u>288,378</u>	<u>26,177,184</u>	<u>363,105</u>	<u>26,828,667</u>
Total assets	<u>\$ 8,093,053</u>	<u>\$ 26,447,940</u>	<u>\$ (283,139)</u>	<u>\$ 34,257,854</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>				
Accounts payable	\$ 1,530,493	\$ 569,235	\$ (219,234)	\$ 1,880,494
Due to related party	379,800	94,174	(63,905)	410,069
Accrued expenses	749,101	-	-	749,101
Bonds payable	-	280,000	-	280,000
	<u>2,659,394</u>	<u>943,409</u>	<u>(283,139)</u>	<u>3,319,664</u>
<u>NONCURRENT LIABILITIES</u>				
Bonds payable	-	24,871,164	-	24,871,164
Interest payable	-	310,278	-	310,278
	<u>-</u>	<u>25,181,442</u>	<u>-</u>	<u>25,181,442</u>
Total liabilities	<u>2,659,394</u>	<u>26,124,851</u>	<u>(283,139)</u>	<u>28,501,106</u>
<u>NET ASSETS</u>				
Without donor restrictions	5,368,180	323,089	-	5,691,269
With donor restrictions	65,479	-	-	65,479
	<u>5,433,659</u>	<u>323,089</u>	<u>-</u>	<u>5,756,748</u>
Total liabilities and net assets	<u>\$ 8,093,053</u>	<u>\$ 26,447,940</u>	<u>\$ (283,139)</u>	<u>\$ 34,257,854</u>

See accompanying independent auditors' report.

YOUNG AUDIENCES CHARTER ASSOCIATION
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	YACA		Friends		Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions			
Revenues and support:						
State public school funds	\$ 21,951,680	\$ -	\$ -	\$ -	\$ -	\$ 21,951,680
Federal grants - food services	1,247,886	-	-	-	-	1,247,886
Other federal grants	3,103,170	-	-	-	-	3,103,170
Donations and contributions	156,374	-	-	-	-	156,374
Other revenue	684,806	-	14,312	-	-	699,118
Rental income	114,383	-	1,558,848	(1,557,465)	-	115,766
Gain (loss) on write-down of property and equipment	-	-	(1,432,520)	-	-	(1,432,520)
Net assets released from restrictions	25,000	(25,000)	-	-	-	-
 Total revenues and other support	 27,283,299	 (25,000)	 140,640	 (1,557,465)	 (1,557,465)	 25,841,474
Expenses:						
Program services	16,242,900	-	-	-	-	16,242,900
Supporting services:						
Management and general	10,430,543	-	2,186,344	(1,557,465)	-	11,059,422
 Total expenses	 26,673,443	 -	 2,186,344	 (1,557,465)	 (1,557,465)	 27,302,322
 Change in net assets	 609,856	 (25,000)	 (2,045,704)	 -	 -	 (1,460,848)
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>4,758,324</u>	<u>90,479</u>	<u>2,368,793</u>	<u>-</u>	<u>-</u>	<u>7,217,596</u>
<u>NET ASSETS AT END OF YEAR</u>	<u>\$ 5,368,180</u>	<u>\$ 65,479</u>	<u>\$ 323,089</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,756,748</u>

See accompanying independent auditors' report.

YOUNG AUDIENCES CHARTER ASSOCIATION
YACA
STATEMENT OF FINANCIAL POSITION - BY PARISH
JUNE 30, 2022

ASSETS

	<u>Jefferson Parish</u>	<u>Orleans Parish</u>	<u>Total</u>
<u>CURRENT ASSETS</u>			
Cash and cash equivalents	\$ 3,943,857	\$ 128,695	\$ 4,072,552
Cash restricted for student activities	43,231	-	43,231
Federal grants receivable	1,510,622	1,245,524	2,756,146
Accounts receivable	802,797	200	802,997
Due from related party	36,007	-	36,007
Prepaid expenses	93,742	-	93,742
	<u>6,430,256</u>	<u>1,374,419</u>	<u>7,804,675</u>
Total current assets			
<u>NONCURRENT ASSETS</u>			
Property and equipment, net	117,049	57,603	174,652
Cash restricted for construction and debt service	94,167	-	94,167
Deposits	19,559	-	19,559
	<u>230,775</u>	<u>57,603</u>	<u>288,378</u>
Total noncurrent assets			
Total assets	<u>\$ 6,661,031</u>	<u>\$ 1,432,022</u>	<u>\$ 8,093,053</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>			
Accounts payable	\$ 16,245	\$ 1,514,248	\$ 1,530,493
Due to related party	379,800	-	379,800
Accrued expenses	571,465	177,636	749,101
	<u>967,510</u>	<u>1,691,884</u>	<u>2,659,394</u>
Total current liabilities			
Total liabilities	<u>967,510</u>	<u>1,691,884</u>	<u>2,659,394</u>
<u>NET ASSETS</u>			
Without donor restrictions	5,628,042	(259,862)	5,368,180
With donor restrictions	65,479	-	65,479
	<u>5,693,521</u>	<u>(259,862)</u>	<u>5,433,659</u>
Total net assets			
Total liabilities and net assets	<u>\$ 6,661,031</u>	<u>\$ 1,432,022</u>	<u>\$ 8,093,053</u>

See accompanying independent auditors' report.

YOUNG AUDIENCES CHARTER ASSOCIATION
YACA
STATEMENT OF ACTIVITIES - BY PARISH
YEAR ENDED JUNE 30, 2022

	Jefferson Parish		Orleans Parish	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	
Revenues and support:				
State public school funds	\$ 18,047,058	\$ -	3,904,622	\$ 21,951,680
Federal grants - food services	853,739	-	394,147	1,247,886
Other federal grants	2,007,030	-	1,096,140	3,103,170
Donations and contributions	66,363	-	90,011	156,374
Other revenue	682,206	-	2,600	684,806
Rental income	114,383	-	-	114,383
Net assets released from restrictions	25,000	(25,000)	-	-
 Total revenues and other support	 21,795,779	 (25,000)	 5,487,520	 27,258,299
Expenses:				
Program services	13,052,402	-	3,190,498	16,242,900
Supporting services:				
Management and general	7,923,721	-	2,506,822	10,430,543
 Total expenses	 20,976,123	 -	 5,697,320	 26,673,443
 Change in net assets	 819,656	 (25,000)	 (209,800)	 584,856
 <u>NET ASSETS AT BEGINNING OF YEAR</u>	 4,898,865	 -	 (50,062)	 4,848,803
 <u>NET ASSETS AT END OF YEAR</u>	 \$ 5,718,521	 \$ (25,000)	 \$ (259,862)	 \$ 5,433,659

See accompanying independent auditors' report.

YOUNG AUDIENCES CHARTER ASSOCIATION
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2022

Agency Head Name: Rickie Nutik, School Leader

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 140,003
Benefits - FICA & Medicare	10,554
Benefits - long-term disability	1,405
Benefits - health insurance	5,162
Benefits - life insurance	8
	<u>\$ 157,132</u>

See accompanying independent auditors' report.

**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 Charter Association
Gretna, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Young Audiences Charter Association (the Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 24, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 consolidated 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
March 24, 2023

YOUNG AUDIENCES CHARTER ASSOCIATION
REPORTS ON COMPLIANCE AND INTERNAL CONTROL
REQUIRED BY UNIFORM GUIDANCE

JUNE 30, 2022

YOUNG AUDIENCES CHARTER ASSOCIATION
REPORTS ON COMPLIANCE AND INTERNAL CONTROL
REQUIRED BY UNIFORM GUIDANCE

JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</u>	1
<u>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	4
<u>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	5
<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u>	6

**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 Charter Association

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Young Audiences Charter Association's (a nonprofit organization) (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

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 for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.



Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 consolidated financial statements of the Organization as of and for the year ended June 30, 2022, and have issued our report thereon dated March 24, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Postlethwaite & Netterville

Metairie, Louisiana
March 24, 2023

YOUNG AUDIENCES CHARTER ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>			
CHILD NUTRITION CLUSTER			
Passed through the Louisiana Department of Education:			
School Breakfast Program	10.553	Unknown	\$ 280,010
National School Lunch Program	10.555	Unknown	866,777
COVID-19 National School Lunch Program - Emerge Cost	10.555	Unknown	40,836
COVID-19 National School Lunch Program - Supply Chain Assistance	10.555	Unknown	48,796
Total Child Nutrition Cluster			<u>1,236,419</u>
Passed through the Louisiana Department of Education:			
Child and Adult Care Food Program	10.558	Unknown	8,405
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT)	10.649	Unknown	3,060
Total United States Department of Agriculture			<u>1,247,884</u>
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>			
SPECIAL EDUCATION CLUSTER (IDEA)			
Passed through the Louisiana Department of Education:			
Special Education - Grants to States (IDEA, Part B)	84.027A	Unknown	75,792
COVID-19 - Special Education - Grants to States (IDEA, Part B)	84.027X	Unknown	20,790
Total Special Education Cluster (IDEA)			<u>96,582</u>
TITLE I			
Passed through the Louisiana Department of Education:			
Title I Grants to Local Education Agencies (LEAs)	84.010A	Unknown	194,742
Passed through the Jefferson Parish Public School System:			
Title I Grants to Local Education Agencies (LEAs)	84.010A	Unknown	350,364
Total Title I			<u>545,106</u>
EDUCATION STABILIZATION FUND			
Passed through the Louisiana Department of Education:			
COVID-19 - ESSERF II	84.425D	Unknown	705,766
COVID-19 - ESSERF II SC	84.425D	Unknown	66,667
Passed through the Jefferson Parish Public School System:			
COVID-19 - ESSERF II	84.425D	Unknown	659,621
COVID-19 - ESSERF III	84.425U	Unknown	473,385
COVID-19 - ESSERF IIIB	84.425U	Unknown	196,219
Total Education Stabilization Fund			<u>2,101,658</u>
Total United States Department of Education			<u>2,743,346</u>
<u>FEDERAL COMMUNICATIONS COMMISSION</u>			
Passed through the Universal Service Administration Company:			
COVID-19 - Emergency Connectivity Fund Program	32.009	Unknown	359,826
Total Federal Communications Commission			<u>359,826</u>
Total Expenditures of Federal Awards			<u>\$ 4,351,056</u>

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

YOUNG AUDIENCES CHARTER SCHOOL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Young Audiences Charter Association (the Organization) under programs of the federal government for the year ended June 30, 2022. 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 consolidated financial statements for the year ended June 30, 2022.

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 consolidated financial statements for the year ended June 30, 2022. 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 consolidated financial statements.

3. Relationship to Consolidated financial statements

Federal revenues of \$4,351,056 are included in the Statement of Activities.

4. De Minimis Cost Rate

During the year ended June 30, 2022, 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 CHARTER ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

(1) Summary of Independent Auditors' Results

Consolidated financial statements

The type of report issued on the consolidated 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 reported

Noncompliance material to the consolidated 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 reported

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:

Education Stabilization Fund: Assistance Listing Number: 84.425D and 84.425U

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 CHARTER ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

(2) Findings Relating to the Consolidated 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.

YOUNG AUDIENCES CHARTER ASSOCIATION
PERFORMANCE AND STATISTICAL DATA
FOR THE YEAR ENDED JUNE 30, 2022



YOUNG AUDIENCES CHARTER ASSOCIATION
PERFORMANCE AND STATISTICAL DATA
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Accountants' Report	1
Description of Schedules	4
Prescribed Schedules	5

Independent Accountants' Report
On Applying Agreed-Upon Procedures

To the Board of Directors of Young Audiences Charter Association, the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Young Audiences Charter Association, the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the Young Audiences Charter Association for the fiscal year ended June 30, 2022; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with the Louisiana Revised Statute 24:514 I. Management of the Young Audiences Charter Association is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources (Schedule 1)

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue (no revenue reported),
 - Total Local Earnings on Investment in Real Property (no revenue reported),
 - Total State Revenue in Lieu of Taxes (no revenue reported),
 - Nonpublic Textbook Revenue (no revenue reported), and
 - Nonpublic Transportation Revenue (no revenue reported).

We noted no exceptions.



Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, roll books for those classes and observed that the class was properly classified on the schedule.

We noted no exceptions.

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

For 1 of the 25 individuals tested, data submitted to the Department of Education reported a bachelor's degree but support was provided for a master's degree.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

We noted no exceptions.

We were engaged by YACA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of YACA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.



The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of YACA, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Postlethwaite & Netterville
Metairie, Louisiana
March 24, 2023

YOUNG AUDIENCES CHARTER ASSOCIATION
GRETNA, LOUISIANA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2022

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 – Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

Schedule 1: Young Audiences Charter Association
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2022

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 5,550,598	
Other Instructional Staff Activities	608,278	
Employee Benefits	1,601,436	
Purchased Professional and Technical Services	2,005,949	
Instructional Materials and Supplies	2,400,004	
Instructional Equipment	(458,114)	

Total Teacher and Student Interaction Activities	11,708,151	
--	------------	--

Other Instructional Activities

-

11,708,151

Pupil Support Activities

680,274

Less: Equipment for Pupil Support Activities

-

Net Pupil Support Activities

680,274

Instructional Staff Services

311,549

Less: Equipment for instructional staff services

-

Net Instructional Staff Services

311,549

School Administration

3,425,697

Less: Equipment for School Administration

-

Net School Administration

3,425,697

Total General Fund Instructional Expenditures

\$ 16,125,671

Total General Fund Equipment Expenditures

\$ 458,114

Certain Local Revenue Sources

Not Applicable

**Schedule 2: Class Size Characteristics
As of October 1, 2021**

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	25%	27	42%	46	16%	18	17%	19
Elementary Activity Classes	33%	7	29%	6	19%	4	19%	4
Middle/Junior High	0%	-	0%	-	0%	-	0%	-
Middle/Junior High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	55%	98	26%	46	17%	31	2%	3
High Activity Classes	71%	24	15%	5	12%	4	2%	1
Combination	18%	60	60%	205	22%	75	0%	-
Combination Activity Classes	24%	15	59%	37	17%	11	0%	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.



Young Audiences Charter Schools

March 24, 2023

Postlethwaite & Netterville
8550 United Plaza Blvd.
Baton Rouge, LA 70809

And the Legislative Auditor

RE: Young Audiences of Louisiana – BESE

Dear Mr. Combs et. al.

Thanks for time and attention to reviewing our organization accounts, policies, procedures, and practices. Following are responses and planned actions to exceptions noted.

School will ensure that there is proper documentation for all employees' level of education, experience, and level of education.

With appreciation of your efforts, very truly yours,

Rickie Nutik, Chief Executive Officer

Mike Dunn, Chief Financial Officer

1407 Virgil St.
Gretna, LA 70053
(504) 304-6332

www.yacs.org

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Erica Seemann

Vice Chair
Charles Gaspard

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Jennifer Benjamin

Treasurer
Saundra Levy

Board of Directors
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Martin Drell
Rachel Johnson
Ron Loesel
Edna Moore

National Board Member
Mary Nass

Chief Executive Officer
Rickie Nutik

YOUNG AUDIENCES CHARTER ASSOCIATION
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES
AS REQUIRED BY LOUISIANA LEGISLATIVE AUDITOR
JUNE 30, 2022



TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures for the Year Ended June 30, 2022	1 – 15
Management's Response and Corrective Action Plan	

INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED 2022

To the Board of Directors and Management
Young Audiences Charter Association
Gretna, Louisiana

We have performed the procedures enumerated on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Young Audiences Charter Association’s (Organization or Entity) management is responsible for those C/C areas identified in the SAUPs.

The Organization has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA’s SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 25 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

A - Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

No exception noted.

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

The Entity’s purchasing policy does not address (2) how vendors are added to the vendor list nor (5) documentation required to be maintained for all bids and price quotes.

c) ***Disbursements***, including processing, reviewing, and approving.

No exception noted.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exception noted.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

No exception noted.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Entity's contracting policy does not address (2) standard terms and conditions nor (5) monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exception noted.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exception noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

This step is not applicable to the Entity.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Entity's debt service policy does not address (2) continuing disclosure/EMMA reporting requirements nor (3) debt reserve requirements.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The Entities information technology policy does not address the attributes required.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

This step is not applicable to the Entity.

B - Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

No exception noted.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exception noted.

C - Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A listing of bank accounts was provided and included a total of 3 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected all bank accounts and obtained the bank reconciliations for the month ending June 30, 2022, resulting in 3 bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exception noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exception noted.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exception noted.

D - Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 4 deposit sites. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected all deposit sites and performed the procedures below.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 5 collection locations. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we selected the collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees responsible for cash collections do not share cash drawers/registers.

No exception noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exception noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exception noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exception noted.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exception noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected 2 deposit dates for each of the 3 bank accounts selected in procedure #3. We obtained supporting documentation for each of the 2 deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

For the 2 deposits selected for our procedures, 2 did not include receipts that were sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exception noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exception noted.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Deposits tested were not made within one business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exception noted.

E - Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the only location and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No exception noted.

- b) At least two employees are involved in processing and approving payments to vendors.

No exception noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

For the location selected for our procedures, the employee responsible for processing payments is not prohibited from adding/modifying vendor files, and another employee is not responsible for periodically reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exception noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for each payment processing location selected in procedure #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

- a) Observe whether the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exception noted.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

For the 5 disbursements selected for our procedures, all did not contain written documentation that the disbursement was approved by someone who did not process the payment.

F - Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

From the listing provided, we selected all (4) cards (4 purchasing cards) used in the fiscal period. We randomly selected one monthly statement for each of the 4 cards selected and performed the procedures noted below.

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exception noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exception noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

We selected all transactions for the 4 cards selected in procedure #12 and performed the specified procedures.

Of the 20 total transactions tested, 1 did not contain (1) an original itemized receipt that identifies precisely what was purchased, 18 did not contain (2) written documentation of the business/public purpose, and 1 did not contain (3) documentation of the individuals participating in meals. The transaction missing an original itemized receipt included one pharmacy transaction. Management does not have a compensating control to address missing receipts.

G - Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Of the 5 reimbursements selected for our procedures, 1 used a per diem. No exception noted.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

No exception noted.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exception noted.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exception noted.

H - Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

A listing of all agreements/contracts that were initiated or renewed during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

No exception noted.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exception noted.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

No exception noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exception noted.

I - Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document their attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document their daily attendance and leave.)

No exception noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exception noted.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exception noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exception noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management’s representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management’s termination payment calculations and the entity’s policy on termination payments. Agree the hours to the employee or officials’ cumulative leave records, agree the pay rates to the employee or officials’ authorized pay rates in the employee or officials’ personnel files, and agree the termination payment to entity policy.

This step is not applicable to the Entity.

19. Obtain management’s representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers’ compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines

No exception noted.

J - Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

This step is not applicable to the Entity.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

This step is not applicable to the Entity.

K - Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

This step is not applicable to the Entity because there was no new debt issued in the current fiscal period.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

A listing of bonds/notes outstanding at the end of the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 1 bond/note and performed the specified procedures. No exceptions noted.

L - Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The Entity did not report any misappropriations of public funds and assets during the fiscal period. This step is not applicable.

24. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Entity has posted the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds on its premises; however, the notice is not located on the Entity's website.

M - Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

N - Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

This step is not applicable to the Entity.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

This step is not applicable to the Entity.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

This step is not applicable to the Entity.

- a) Number and percentage of public servants in the agency who have completed the training requirements;

This step is not applicable to the Entity.

- b) Number of sexual harassment complaints received by the agency;

This step is not applicable to the Entity.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

This step is not applicable to the Entity.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

This step is not applicable to the Entity.

- e) Amount of time it took to resolve each complaint.

This step is not applicable to the Entity.



We were engaged by the Organization to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Postlethwaite & Netterville

Metairie, LA
March 24, 2023



Young Audiences Charter Schools

March 24, 2023

Postlethwaite & Netterville
8550 United Plaza Blvd.
Baton Rouge, LA 70809
And the Legislative Auditor

RE: Young Audiences of Louisiana – State Agreed Upon Procedures (SAUP) Exceptions

Dear Mr. Combs et. al.

Thanks for time and attention to reviewing our organization accounts, policies, procedures, and practices. Following are responses and planned actions to exceptions noted.

1. b) – Policies will be modified to include how vendors are added and also include required documentation for Public Bid Law.
1. f) – Policies will be modified to include standard contract terms and conditions and how this will be monitored.
1. j) – Policies will be modified to include continuing disclosure/EMMA reporting requirements; debt service requirements.
1. k) - Policies will be modified to include an information technology disaster recovery/business continuity policy.
7. a) - School will begin using sequentially pre-numbered deposit receipts.
7. d) – School will make every effort to deposit funds within one day of receipt.
9. c) – Another employee other than the employee processing payments will review changes to vendor files monthly.
10. b) – School will ensure that all invoices are approved by someone other than the employee processing the payment.
12. a) – Monthly credit card statement will be reviewed by someone other than card holders.
13. – All credit card charges shall contain original receipt, written documentation of business purpose, documentation of those participating in meals. School will implement the use of a “missing receipt form” if needed.

1407 Virgil St.
Gretna, LA 70053
(504) 304-6332

www.yacs.org

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Edna Moore

National Board Member
Mary Nass

Chief Executive Officer
Rickie Nutik

24. – Fraud notice will be added to the School’s website.

With appreciation of your efforts, very truly yours,



Rickie Nutik, Chief Executive Officer



Mike Dunn, Chief Financial Officer