

TrainingGrounds, Inc.
Financial Statements
December 31, 2021



TrainingGrounds

Providing Knowledge To Move Families & Communities Forward



Training Grounds

Year Ended December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
TrainingGrounds, Inc.
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of TrainingGrounds, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about TrainingGrounds, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TrainingGrounds, Inc.’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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TrainingGrounds, Inc.’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.

Report on Summarized Comparative Information

We have previously audited TrainingGrounds, Inc.’s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Metairie, Louisiana
March 25, 2022

TrainingGrounds, Inc.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

(With Summarized Financial Information at December 31, 2020)

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 760,973	\$ 324,459
Accounts receivable	5,000	8,700
Grants receivable	12,074	0
Prepaid expenses	11,600	1,450
Promises to give	288,000	120,000
Furniture and equipment, net	<u>6,597</u>	<u>0</u>
 Total Assets	 <u><u>\$ 1,084,244</u></u>	 <u><u>\$ 454,609</u></u>
<u>LIABILITIES</u>		
Accounts payable	750	1,584
Accrued expenses	5,655	0
Deferred revenue	11,757	0
Other liabilities	<u>0</u>	<u>27,500</u>
 Total Liabilities	 <u>18,162</u>	 <u>29,084</u>
<u>NET ASSETS</u>		
Without donor restrictions	835,198	217,985
With donor restrictions	<u>230,884</u>	<u>207,540</u>
 Total Net Assets	 <u>1,066,082</u>	 <u>425,525</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,084,244</u></u>	 <u><u>\$ 454,609</u></u>

TrainingGrounds, Inc.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Financial Information at December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
<u>SUPPORT AND REVENUES</u>				
Contributions	\$ 26,619	\$ 1,229	\$ 27,848	\$ 33,740
In-kind contributions	2,400	0	2,400	1,450
Government grant income	27,500	0	27,500	13,000
Pass-through government grant income	19,868	0	19,868	0
Private grant income	607,500	207,000	814,500	454,600
Contractor revenue	35,508	0	35,508	34,100
Workshop revenue	20,735	0	20,735	7,750
Investment return, net	1,360	0	1,360	1,377
Net assets released from restrictions	184,885	(184,885)	0	0
Total Support and Revenues	926,375	23,344	949,719	546,017
<u>EXPENSES</u>				
<i>Program Services:</i>				
Education and training	282,548	0	282,548	195,312
<i>Supporting Services:</i>				
Management and general	24,821	0	24,821	10,280
Fundraising and development	1,793	0	1,793	3,442
Total Expenses	309,162	0	309,162	209,034
Change in Net Assets	617,213	23,344	640,557	336,983
Net Assets - Beginning of Year	217,985	207,540	425,525	88,542
Net Assets - End of Year	\$ 835,198	\$ 230,884	\$ 1,066,082	\$ 425,525

TrainingGrounds, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

(With Summarized Financial Information at December 31, 2020)

	<u>Program Services</u>	<u>Supporting Services</u>		<u>2021 Total</u>	<u>2020 Total</u>
	<u>Education and Training</u>	<u>Management and General</u>	<u>Fundraising and Development</u>		
Accounting fees	\$ 6,733	\$ 3,100	\$ 0	\$ 9,833	\$ 3,500
Advertising and promotion	1,014	0	0	1,014	254
Bad debts	1,500	0	0	1,500	584
Bank fees	0	381	16	397	246
Depreciation	535	0	0	535	0
Food	166	16	159	341	184
Insurance	2,350	1,955	0	4,305	6,502
Miscellaneous	10	173	0	183	304
Occupancy	24,000	2,400	0	26,400	17,400
Payroll services	0	1,110	0	1,110	959
Payroll taxes	13,540	855	0	14,395	10,735
Postage	134	0	22	156	136
Printing	2,815	0	0	2,815	2,633
Professional fees	27,056	480	1,500	29,036	4,831
Salaries and wages	170,605	11,180	0	181,785	140,326
Specific assistance to individuals	5,250	0	0	5,250	0
Staff development	5,531	2,000	0	7,531	814
Supplies	12,646	58	96	12,800	11,199
Technology	7,743	533	0	8,276	6,776
Telephone	253	51	0	304	20
Uniforms	667	0	0	667	0
Worker's compensation	0	529	0	529	1,631
Total Expenses	\$ 282,548	\$ 24,821	\$ 1,793	\$ 309,162	\$ 209,034

TrainingGrounds, Inc.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Financial Information at December 31, 2020)

	2021	2020
<u>CASH FLOWS OPERATING ACTIVITIES</u>		
Change in net assets	\$ 640,557	\$ 336,983
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	535	0
(Increase) in Accounts and Grants receivable	(8,374)	(8,025)
(Increase) in Prepaid expenses	(10,150)	0
(Increase) in Promise to give	(168,000)	(115,000)
Increase (Decrease) in Accounts payable	(834)	1,455
Increase in Accrued expenses	5,655	0
Increase in Deferred revenue	11,757	0
Increase (Decrease) in Other liabilities	(27,500)	27,500
	443,646	242,913
<u>CASH FLOWS INVESTING ACTIVITIES</u>		
Purchases of Furniture and equipment	(7,132)	0
	(7,132)	0
Net Cash (Used in) Investing Activities		
Net Increase in Cash, Cash Equivalents, and Restricted Cash	436,514	242,913
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	324,459	81,546
Cash, Cash Equivalents, and Restricted Cash - End of Year	760,973	324,459
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the year for:		
Interest	\$ 0	\$ 0
Income Taxes	\$ 0	\$ 0

See accompanying notes to financial statements.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

A. Nature of Activities

TrainingGrounds, Inc. (the “Organization”), a Louisiana non-profit corporation, was established in the metropolitan New Orleans area to create supportive learning environments that enable caregivers and educators to provide children with quality experiences that promote healthy brain development, appropriate adult-child interactions, and positive social-emotional skills.

The Organization operates the We PLAY Center, provides workshops for parents, and administers professional development training for early childhood educators.

B. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of generally accepted accounting principles (GAAP). Under GAAP, the Organization is required to report information regarding financial position and activities according to the following net asset classifications:

Net Assets without donor restrictions: These amounts are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. This class of net assets also includes assets previously restricted where restrictions have expired or been met.

Net Assets with donor restrictions: These amounts are subject to stipulations imposed by donors and grantors. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Donor restrictions may also be perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

As of December 31, 2021, the Board of Directors had not designated any amounts for specific purposes.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2021

B. Summary of Significant Accounting Policies (Continued)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020 from which the summarized information was derived.

Estimates

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

Income Tax Status

The Organization is a non-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Management has evaluated its tax positions and concluded that the Organization has taken no uncertain tax positions that required recognition or disclosure in the financial statements. Tax years ended December 31, 2018 and later remain subject to examination by the taxing authorities.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable represents consideration from contractor or workshop revenues, of which the Organization has an unconditional right to receive payment. Accounts receivable is stated at the amount management expects to be collected from outstanding balances. Management monitors outstanding receivable balances and charges off to bad debt expense any balances that are determined to be uncollectible. As of December 31, 2021, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2021

B. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contractor and workshop revenues are recognized as revenues when the revenues are earned. Revenues are earned when the activities or services are provided, and the Organization does not believe it is required to provide additional activities or services. Fees received in advance are deferred to the applicable period in which the related services are performed.

Contributed Support

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are reported as without donor restrictions unless the contributions have donor-imposed restrictions. Contributions restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises to give are recognized as contributed support when the conditions on which they depend are substantially met. When donor-imposed conditions and restrictions are met in the same reporting period, the contribution is reported as an increase in net assets without donor restrictions.

Grants Receivable

Grants receivable represents billings which are based primarily on cost reimbursement contracts with governmental agencies or pass-through recipients of governmental funds. Grants receivable is stated at the amount management expects to collect from outstanding balances. As of December 31, 2021, management has determined, based on historical experiences, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Governmental Financial Assistance

Amounts received from federal or state agencies or as a pass-through cost-reimbursement grant originating with federal or state funding are recognized as Government grant income when the Organization has a right to reimbursement under the related grant document, generally corresponding to the incurring of grant-related costs by the Organization that are in compliance with the specific contract or grant provisions.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2021

B. Summary of Significant Accounting Policies (Continued)

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Contributed Facilities

Donations of facilities are recorded as contributions at fair value at date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the use of the donated facility to a specific purpose. The Organization received \$2,400 of donated office space, which is included in Occupancy expenses in the Statement of Functional Expenses.

Investment Return, Net

Investment revenue consists of interest earnings on the operating bank account and is net of any investment expenses.

Property and Equipment

The Organization has adopted a policy of capitalizing property and equipment greater than \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation is provided using the straight-line basis over the estimated useful lives of the depreciable assets. The estimated useful life for Furniture and equipment is 5 years.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. These expenses were allocated based on estimates of time and effort.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expenses for the year ended December 31, 2021 were \$1,014.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2021

B. Summary of Significant Accounting Policies (Continued)

Fair Value Measurements

Generally accepted accounting principles require the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the assets and liabilities, either directly or indirectly (Level 2); and unobservable inputs from the assets or liabilities (Level 3). In 2021, the Organization had no items measured at fair value.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications had no effect on previously reported change in net position.

Subsequent Events

Subsequent events have been evaluated through March 25, 2022, which is the date the financial statements were available to be issued.

C. Accounts Receivable

Accounts receivable consists of \$5,000 and \$8,700 from Contractor revenue at December 31, 2021 and 2020, respectively.

D. Promises to Give

Promises to give at December 31, 2021 consists of \$288,000 from four grantors. Amounts are unconditional and due in less than one year. Management expects all balances to be fully collectible; as a result, there is no allowance for uncollectible promises at year end.

E. Furniture and Equipment

A summary of property and equipment at December 31, 2021 is as follows:

Furniture and equipment	\$ 7,132
Less: Accumulated depreciation	<u>(535)</u>
Total Furniture and equipment, net	<u>\$ 6,597</u>

Depreciation expense for 2021 is \$535.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2021

F. Deferred Revenue

Deferred revenue consists of \$10,667 from contractor revenue and \$1,090 from workshop revenue at December 31, 2021. There was no deferred revenue at the beginning of the year.

G. Net Assets

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or time restricted. These restrictions are considered to expire when expenditures for restricted purposes are made, or when time has passed for time-restricted net assets.

At December 31, 2021, net assets with donor restrictions are available for the following purposes:

Subject to expenditure for specified purposes:	
Operation of the We Play Center	\$ 86,202
Education and Training Programs	94,800
Marketing	6,882
Leadership Development	3,000
Hurricane Ida Disaster Victims	20,000
Subject to passage of time:	
Unconditional promise to give	<u>20,000</u>
 Total	 <u>\$ 230,884</u>

The following net assets with donor restrictions were released during 2021 due to the satisfaction of donor restrictions:

Operation of the We Play Center	\$ 156,338
Education and Training Programs	25,200
Marketing	118
Leadership Development	2,000
Hurricane Ida Disaster Victims	<u>1,229</u>
 Total	 <u>\$ 184,885</u>

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2021

H. Conditional Contribution – Paycheck Protection Program

In 2020, the Organization applied for and received \$27,500 from Paycheck Protection Program administered by the Small Business Administration (SBA). In 2021, the SBA forgave the loan and any related interest payments. The amount forgiven is reported as Government grant income in the Statement of Activities.

I. Description of Leasing Arrangements

In October 2020, the Organization renewed its lease for a space to operate its We PLAY Center and to hold education and training workshops. The Landlord agreed to monthly lease payments of \$1,450 through April 2021. Beginning May 2021, the Organization's payments were \$1,650 per month. In August 2021, the Organization expanded its rental space and entered a one-year lease term, expiring on July 31, 2022, for monthly payments of \$2,650. Rental expenses for 2021 were \$24,000 and are included in Occupancy expenses in the Statement of Functional Expenses.

The minimum future rental payments for this lease are as follows:

2022	\$ <u>18,550</u>
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J. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date:

Financial assets	\$ 1,066,047
Less: Amounts unavailable for general expenditures within one year due to donor-imposed restrictions	
Cash and cash equivalents	138,644
Promises to give	<u>92,240</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>835,163</u>

As part of the Organization's liquidity management, management established a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2021

K. Concentration of Credit Risk

The Organization maintains deposits with one financial institution. At times, its cash in the bank deposit accounts may exceed federally insured limits. As of December 31, 2021, uninsured cash and cash equivalent balances were approximately \$518,000.

L. Current Vulnerability Due to Certain Concentrations

The Organization is supported primarily through individual donor contributions, private grant income, and contracts with other nonprofit agencies and governmental entities.

In 2021, 100% of Pass-through government grant income and 100% of Grants receivable relate to a \$188,503 cost-reimbursement contract award from one nonprofit agency. The total award remaining to be expended and reimbursed in 2022 is \$168,635.

Other concentrations as of and for the year ended December 31, 2021 are as follows:

- 80% of Private grant income was received from three private foundations and 92% of Promises to give are due from two private foundations.
- 49% of Contractor revenue was received and 100% of accounts receivable is due from one local governmental entity. In addition, 50% of Contractor revenue was received from one nonprofit agency.
- 42% of Workshop revenue was received from services provided to one nonprofit agency.

M. Risk and Uncertainties – COVID-19

During March 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a global pandemic. As a result of the pandemic, economic uncertainties have arisen that could impact the Organization's operational and financial performance. The potential impact has not been recognized in these financial statements.