

KID smART  
NEW ORLEANS, LOUISIANA  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
KID smART

We have audited the accompanying financial statements of KID smART (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



To the Board of Directors of  
KID smART  
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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KID smART as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2017, on our consideration of KID smART's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KID smART's internal control over financial reporting and compliance.

September 29, 2017  
New Orleans, Louisiana

Certified Public Accountants

**KID smART**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>ASSETS:</u></b>		
Cash and cash equivalents	\$ 110,384	\$ 78,821
Certificate of deposit - board designated	181,098	180,822
Contracts receivable	42,587	4,070
Other assets	<u>1,483</u>	<u>1,373</u>
 Total assets	 <u>\$ 335,552</u>	 <u>\$ 265,086</u>
 <b><u>LIABILITIES:</u></b>		
Accounts payable	\$ 1,123	\$ 2,798
Accrued payroll liabilities	16,537	-
Accrued compensated absences	<u>11,135</u>	<u>9,888</u>
 Total liabilities	 <u>28,795</u>	 <u>12,686</u>
 <b><u>NET ASSETS:</u></b>		
Unrestricted:		
Undesignated	36,511	48,984
Board designated reserve fund	202,416	192,416
Temporarily restricted	<u>67,830</u>	<u>11,000</u>
 Total net assets	 <u>306,757</u>	 <u>252,400</u>
 Total liabilities and net assets	 <u>\$ 335,552</u>	 <u>\$ 265,086</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**KID smART**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>SUPPORT AND OTHER REVENUES:</u></b>			
Public support - government grants	\$ 27,500	\$ -	\$ 27,500
Other support:			
Private donors	81,079	-	81,079
Corporate donors	48,317	-	48,317
Foundations	449,139	67,830	516,969
Other grants	16,005	-	16,005
Contracts	294,723	-	294,723
Other income	6,318	-	6,318
Net assets released from restrictions	<u>11,000</u>	<u>(11,000)</u>	<u>-</u>
 Total support and other revenues	 <u>934,081</u>	 <u>56,830</u>	 <u>990,911</u>
<b><u>EXPENSES:</u></b>			
Program services	804,979	-	804,979
Supporting services:			
Management and general	43,858	-	43,858
Fundraising	<u>87,717</u>	<u>-</u>	<u>87,717</u>
 Total expenses	 <u>936,554</u>	 <u>-</u>	 <u>936,554</u>
 Change in net assets	 (2,473)	 56,830	 54,357
 Net assets, beginning of year	 <u>241,400</u>	 <u>11,000</u>	 <u>252,400</u>
 Net assets, end of year	 <u>\$ 238,927</u>	 <u>\$ 67,830</u>	 <u>\$ 306,757</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**KID smART**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>SUPPORT AND OTHER REVENUES:</u></b>			
Public support - government grants	\$ 47,730	\$ -	\$ 47,730
Other support:			
Private donors	81,252	-	81,252
Corporate donors	42,670	-	42,670
Foundations	214,982	5,000	219,982
Other grants	17,080	-	17,080
Contracts	329,648	6,000	335,648
Other income	8,949	-	8,949
Net assets released from restrictions	<u>123,533</u>	<u>(123,533)</u>	<u>-</u>
 Total support and other revenues	 <u>865,844</u>	 <u>(112,533)</u>	 <u>753,311</u>
<b><u>EXPENSES:</u></b>			
Program services	691,952	-	691,952
Supporting services:			
Management and general	47,758	-	47,758
Fundraising	<u>109,775</u>	<u>-</u>	<u>109,775</u>
 Total expenses	 <u>849,485</u>	 <u>-</u>	 <u>849,485</u>
 Change in net assets	 16,359	 (112,533)	 (96,174)
Net assets, beginning of year	<u>225,041</u>	<u>123,533</u>	<u>348,574</u>
Net assets, end of year	<u>\$ 241,400</u>	<u>\$ 11,000</u>	<u>\$ 252,400</u>

**KID smART**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 359,295	\$ 26,290	\$ 52,580	\$ 438,165
Teaching artist wages	176,984	-	-	176,984
Payroll taxes and employee benefits	63,998	4,682	9,366	78,046
Total salaries and related expenses	600,277	30,972	61,946	693,195
Contractual labor	12,704	930	1,859	15,493
Professional services	43,655	3,194	6,389	53,238
Teacher stipends	28,590	-	-	28,590
Education	7,381	540	1,080	9,001
Public relations	2,765	202	405	3,372
Special projects and workshops	5,254	384	769	6,407
Supplies	20,249	1,482	2,963	24,694
School resources	7,560	554	1,106	9,220
Subscriptions	2,722	200	398	3,320
Telephone	5,435	398	795	6,628
Meetings	3,466	254	507	4,227
Postage	1,808	132	264	2,204
Printing and copying	12,653	925	1,852	15,430
Office expense	13,112	959	1,919	15,990
Payroll fees	1,339	98	196	1,633
Miscellaneous	14,816	1,084	2,168	18,068
Travel	10,267	751	1,502	12,520
Insurance	10,926	799	1,599	13,324
Total functional expenses	<u>\$ 804,979</u>	<u>\$ 43,858</u>	<u>\$ 87,717</u>	<u>\$ 936,554</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**KID smART**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 271,261	\$ 29,143	\$ 76,639	\$ 377,043
Teaching artist wages	180,925	-	150	181,075
Payroll taxes and employee benefits	55,259	7,021	9,304	71,584
 Total salaries and related expenses	 507,445	 36,164	 86,093	 629,702
Contractual labor	17,246	1,277	2,768	21,291
Professional services	36,949	3,450	4,425	44,824
Teacher stipends	27,300	-	-	27,300
Education	3,669	272	589	4,530
Public relations	2,271	168	365	2,804
Special projects and workshops	2,206	187	2,015	4,408
Supplies	14,772	1,094	2,371	18,237
School resources	10,627	-	-	10,627
Subscriptions	2,997	222	481	3,700
Telephone	5,685	421	913	7,019
Meetings	2,764	205	443	3,412
Postage	1,892	140	304	2,336
Printing and copying	16,040	1,189	2,574	19,803
Office expense	12,636	936	2,028	15,600
Payroll fees	1,354	100	218	1,672
Miscellaneous	2,184	162	350	2,696
Travel	14,646	1,085	2,350	18,081
Insurance	9,269	686	1,488	11,443
 Total functional expenses	 <u>\$ 691,952</u>	 <u>\$ 47,758</u>	 <u>\$ 109,775</u>	 <u>\$ 849,485</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**KID smART**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b><u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 54,357	\$ (96,174)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Changes in assets and liabilities:		
(Increase) decrease in certificate of deposit - board designated	(276)	(607)
Decrease in grants and contracts receivable	(38,517)	14,454
(Increase) decrease in other assets	(110)	312
Increase (decrease) in accounts payable	(1,675)	(10,145)
Increase (decrease) in accrued payroll liabilities	16,537	-
Increase (decrease) in accrued compensated absences	<u>1,247</u>	<u>(10,329)</u>
Net cash from (used for) operating activities	<u>31,563</u>	<u>(102,489)</u>
Net increase (decrease) in cash and cash equivalents	31,563	(102,489)
Cash and cash equivalents, beginning of year	<u>78,821</u>	<u>181,310</u>
Cash and cash equivalents, end of year	<u>\$ 110,384</u>	<u>\$ 78,821</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**KID smART**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017 AND 2016

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

KID smART is a nonprofit organization committed to helping transform public education in the New Orleans region through innovative arts integrated learning. The Organization works to support students, teachers and schools through extended artist residencies and professional development for teachers. KID smART programs teach to the whole child, engaging students in learning through the arts and helps teachers change their pedagogy to include the arts.

KID smART serves as a fiduciary of Any Given Child New Orleans (AGCNO), a collective impact project – gathering parents, the educational community, government, cultural institutions, business, and philanthropy – to ensure access for all children to an education that includes exemplary arts instruction. KID smART plans to establish AGCNO as a wholly-owned subsidiary and register AGCNO with the state as an LLC. AGCNO will have its own governing body represented by KID smART, will do its own fundraising in coordination with KID smART’s efforts and will carry its own insurance.

KID smART is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

**Basis of Accounting**

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

**Basis of Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets – Those net assets whose use is not restricted by donors.

Temporarily Restricted Net Assets – Those net assets whose use by the Organization has been limited by donors (a) to later periods of time or after specified dates, or (b) to specific purposes.

Permanently Restricted Net Assets – Those net assets that must be maintained in perpetuity due to donor-imposed restrictions that will neither expire with the passage of time nor be removed by meeting certain requirements. Income earned on these investments may be restricted for specific purposes. There are no permanently restricted net assets as of year-end.

**KID smART**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017 AND 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, KID smART considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Certificate of Deposit – Board Designated**

Certificates of deposit (CDs) represent CDs with initial maturities of greater than three months but less than one year, the use of which is temporarily designated for specific purposes by the Board of Directors. They are recorded at the face value plus accrued interest, which approximates fair value.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable consists of amounts due to Kid smART for services provided through June 30 that have not yet been collected. Amounts are generally considered past due if not collected within 30 days. Bad debts are recognized on the allowance method of account. No allowance has been estimated, as management believes that all receivables are collectable as of June 30, 2016 and 2015.

**Compensated Absences**

KID smART's employees earn paid-time-off (PTO). PTO accrues per pay period based upon years of service. Each employee may rollover up to five days of accrued, but unused hours of PTO per year.

**Designation of Unrestricted Assets**

It is the policy of the Board of Directors of KID smART to review its plans for future capital needs and to designate appropriate sums of unrestricted net assets to assure adequate financing of such needs. Designated unrestricted net assets have been designated by the Board for operating or programmatic use and are not restricted by time or purpose.

**KID smART**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017 AND 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Public Support and Revenue**

Contributions are reported as increases in unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence and/or nature of any donor restrictions.

Unrestricted grants and contributions are recorded as revenue when received or unconditionally pledged. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, in the reporting period in which the revenue is recognized. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Revenue for fees for service and school contracts are recognized when services are provided.

**Expense Allocation**

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Income Taxes**

KID smART is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to KID smART's tax-exempt purpose is subject to taxation as unrelated business income. In addition, KID smART qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

**KID smART**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017 AND 2016

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes (continued)**

KID smART's evaluation as of June 30, 2017 revealed no tax positions that would have a material impact on the financial statements. The 2014 through 2016 tax years remain subject to examination by the IRS. KID smART does not believe that any reasonably possible changes will occur within the next twelve months that will have a material impact on the financial statements.

**Subsequent Events**

Subsequent events have been evaluated through September 29, 2017, which is the date the financial statements were available to be issued.

(2) **OPERATING LEASE COMMITMENT**

KID smART leases its administrative facility under a two-year operating lease requiring monthly payments of \$1,365 beginning January 1, 2017 through December 31, 2018. The administrative facility was previously leased on a month-to-month basis beginning January 1, 2015 through December 31, 2016, requiring monthly payments of \$1,300. Rental expense for the years ended June 30, 2017 and 2016 totaled \$15,990 and \$15,600, respectively, which is included in office expense on the statements of functional expense.

Future minimum rental payments are as follows for the year ended June 30:

2018	\$	16,380
2019		<u>8,190</u>
	\$	<u>24,570</u>

(3) **DONATED MATERIALS, FACILITIES AND SERVICES**

KID smART receives donated materials, facilities, and services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the accompanying statements of activities as they do not meet the criteria for recognition under FASB ASC 958-605-50-1, *Accounting for Contributions Received and Contributions Made*.

Donated materials, facilities, and services are as follows for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Donated facilities	\$ 2,250	\$ 3,000
Donated food and services	8,224	8,167
Donated materials	<u>800</u>	<u>10,150</u>
	<u>\$ 11,274</u>	<u>\$ 21,317</u>

**KID smART**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2017 AND 2016

**(4) RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets are available for the following purposes at June 30:

	<u>2017</u>	<u>2016</u>
Model Schools Initiative	\$ 14,150	\$ -
Laboratory projects	6,200	-
Artist in the Classroom (AIC)	2,500	5,000
Third party projects	-	6,000
Any Given Child New Orleans (AGCNO)	44,980	-
	<u>\$ 67,830</u>	<u>\$ 11,000</u>

Temporarily restricted net assets were released from restrictions for the following purposes during the years ended June 30:

	<u>2017</u>	<u>2016</u>
Know What It Means (KWIM)	\$ -	\$ 12,533
Artist in the Classroom (AIC)	5,000	11,000
Third party projects	6,000	-
Operating support grant for 2015-16	-	100,000
	<u>\$ 11,000</u>	<u>\$ 123,533</u>

**(5) CONCENTRATION OF CREDIT RISK**

KID smART maintains its cash balances in two financial institutions. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2017 and 2016, cash balances did not exceed federally insured limits.

Revenue from two donors contributed 29% of total revenues to the organization for the year ended June 30, 2017. One donor contributed 24% of total revenues to the organization for the year ended June 30, 2016.

**(6) RECLASSIFICATIONS**

Certain reclassifications have been made to prior year amounts to conform with the current year presentation.





**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 of  
KID smART

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KID smART (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered KID smART's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KID smART'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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Board of Directors of  
KID smART

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether KID smART’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

September 29, 2017  
New Orleans, Louisiana

A handwritten signature in black ink that reads "Erickson Krentel LLP".

Certified Public Accountants

**KID smART**  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION I SUMMARY OF INDEPENDENT AUDITORS' REPORTS**

1. The independent auditors' report expresses an unmodified opinion on the financial statements of KID smART.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of KID smART were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended June 30, 2017.

**SECTION II FINANCIAL STATEMENT FINDINGS**

NOT APPLICABLE

**KID smART**  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017

**SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE  
FINANCIAL STATEMENTS**

NOT APPLICABLE

**SECTION II MANAGEMENT LETTER**

NOT APPLICABLE