

# YOUNG AUDIENCES OF LOUISIANA, INC.

## FINANCIAL STATEMENTS

June 30, 2018 and 2017



**CRI** CARR  
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**Young Audiences of Louisiana, Inc.**  
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**June 30, 2018**

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# REPORT





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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Young Audiences of Louisiana, Inc.  
New Orleans, Louisiana

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

We have audited the accompanying financial statements of Young Audiences of Louisiana, Inc. ("YALA") (a nonprofit organization), which comprise the statements of financial position at June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the YALA'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 YALA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Audiences of Louisiana, Inc. at June 30, 2018 and 2017 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the schedule of compensation, benefits and other payments made to agency head, are presented for purposes of additional analysis and are 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 December 19, 2018, on our consideration of YALA'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 YALA's internal control over financial reporting and compliance.

*Carr, Riggs & Ingram, L.L.C.*

December 19, 2018



# FINANCIAL STATEMENTS

**Young Audiences of Louisiana, Inc.**  
**Statements of Financial Position**

<i>June 30,</i>	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 384,060	\$ 658,470
Accounts receivable:		
Schools, net allowance for doubtful accounts	475,164	354,700
Federal grants	237,851	133,831
Investments	379,720	360,304
Beneficial interest in assets held by others	27,690	26,683
Prepaid expenses	14,150	-
<b>Total Assets</b>	<b>1,518,635</b>	<b>1,533,988</b>
<b>Total Assets</b>	<b>\$ 1,518,635</b>	<b>\$ 1,533,988</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 142,228	\$ 131,662
<b>Total Liabilities</b>	<b>142,228</b>	<b>131,662</b>
<b>Net Assets</b>		
Unrestricted	1,348,717	1,375,643
Temporarily restricted	7,690	6,683
Permanently restricted	20,000	20,000
<b>Total Net Assets</b>	<b>1,376,407</b>	<b>1,402,326</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,518,635</b>	<b>\$ 1,533,988</b>

*The accompanying footnotes are an integral part of these financial statements.*

**Young Audiences of Louisiana, Inc.**  
**Statements of Activities**

<i>For the years ended June 30,</i>	<b>2018</b>	<b>2017</b>
<b>Unrestricted Net Assets</b>		
Unrestricted Revenues and Other Support:		
Program fees	\$ 1,780,723	\$ 1,731,376
Federal grants	789,797	707,829
Municipal and state grants	16,000	16,500
Foundations	215,780	182,108
Fundraisers	35,081	38,376
Legal settlement	-	399,803
Realized and unrealized gains on investments	7,560	10,225
Dividend and interest income	11,669	8,606
Corporate contributions	13,847	33,022
Member fees	6,304	2,060
Miscellaneous revenue	2,050	3,337
Total Unrestricted Revenues and Other Support	<b>2,878,811</b>	3,133,242
<b>Expenses</b>		
Program services	2,366,060	2,317,562
Administrative	362,236	326,332
Fund raising and promotion	177,441	150,569
Total Unrestricted Expenses	<b>2,905,737</b>	2,794,463
(Decrease)/Increase in Unrestricted Net Assets	<b>(26,926)</b>	338,779
<b>Temporarily Restricted Net Assets</b>		
Temporarily Restricted Revenues and Other Support:		
Realized and unrealized gains on investments	2,071	2,097
Dividend and interest income	191	181
Grant disbursement and related fees	(1,255)	(1,282)
Net Assets Added to Restrictions	<b>1,007</b>	996
Increase in Temporarily Restricted Net Assets	<b>1,007</b>	996
(Decrease)/Increase in net assets	<b>(25,919)</b>	339,775
Net assets at the beginning of the year	<b>1,402,326</b>	1,062,551
Net assets at end of year	<b>\$ 1,376,407</b>	\$ 1,402,326

*The accompanying footnotes are an integral part of these financial statements.*

## Young Audiences of Louisiana, Inc. Statement of Functional Expenses

<i>For the year ended June 30, 2018</i>	Program Services	Administrative	Fundraising and Promotion	Total Support	Total
<b>Personnel Expenses</b>					
Salaries and benefits	\$ 1,052,620	\$ 168,939	\$ 77,972	\$ 246,911	\$ 1,299,531
Professional services	959,473	30,621	30,621	61,242	1,020,715
Payroll taxes	75,860	11,882	3,656	15,538	91,398
<b>Total Personnel Expenses</b>	<b>2,087,953</b>	<b>211,442</b>	<b>112,249</b>	<b>323,691</b>	<b>2,411,644</b>
<b>Other Expenses</b>					
Accounting	74,876	63,784	-	63,784	138,660
Program supplies	95,888	-	-	-	95,888
Rent	10,723	14,622	7,148	21,770	32,493
Fundraising activities	-	-	32,109	32,109	32,109
Travel/conferences	19,109	6,370	6,369	12,739	31,848
Advertising	24,065	-	6,016	6,016	30,081
Computer/website	20,627	-	8,022	8,022	28,649
Staff/board development	-	18,554	-	18,554	18,554
Field trips and transportation	21,159	-	-	-	21,159
Cooperative funding	-	17,178	-	17,178	17,178
Office supplies	-	15,584	-	15,584	15,584
Community outreach	5,027	4,907	780	5,687	10,714
Telephone	3,352	2,735	2,734	5,469	8,821
Dues/memberships/subscriptions	2,240	-	1,494	1,494	3,734
Insurance	-	2,874	-	2,874	2,874
Interest and bank charges	-	2,291	-	2,291	2,291
Postage	1,041	521	520	1,041	2,082
Miscellaneous	-	1,116	-	1,116	1,116
Parking	-	258	-	258	258
<b>Total Other Expenses</b>	<b>278,107</b>	<b>150,794</b>	<b>65,192</b>	<b>215,986</b>	<b>494,093</b>
<b>Total Functional Expenses</b>	<b>\$ 2,366,060</b>	<b>\$ 362,236</b>	<b>\$ 177,441</b>	<b>\$ 539,677</b>	<b>\$ 2,905,737</b>

*The accompanying footnotes are an integral part of these financial statements.*

## Young Audiences of Louisiana, Inc. Statement of Functional Expenses

<i>For Year Ended June 30, 2017</i>	Program Services	Administrative	Fundraising and Promotion	Total Support	Total
<b>Personnel Expenses</b>					
Salaries and benefits	\$ 951,363	\$ 152,688	\$ 70,471	\$ 223,159	\$ 1,174,522
Professional services	1,087,715	34,714	34,714	69,428	1,157,143
Payroll taxes	72,331	11,329	3,486	14,815	87,146
<b>Total Personnel Expenses</b>	<b>2,111,409</b>	<b>198,731</b>	<b>108,671</b>	<b>307,402</b>	<b>2,418,811</b>
<b>Other Expenses</b>					
Accounting	49,805	42,427	-	42,427	92,232
Program supplies	64,868	-	-	-	64,868
Rent	9,634	13,138	6,423	19,561	29,195
Fundraising activities	-	-	15,212	15,212	15,212
Travel/conferences	19,105	6,368	6,368	12,736	31,841
Advertising	32,166	-	8,042	8,042	40,208
Computer/website	4,098	-	1,594	1,594	5,692
Staff/board development	-	15,258	-	15,258	15,258
Field trips and transportation	19,436	-	-	-	19,436
Cooperative funding	-	17,500	-	17,500	17,500
Office supplies	-	22,371	-	22,371	22,371
Community outreach	2,211	2,158	895	3,053	5,264
Telephone	2,775	2,264	2,264	4,528	7,303
Dues/memberships/subscriptions	438	-	292	292	730
Insurance	-	2,712	-	2,712	2,712
Interest and bank charges	-	1,077	-	1,077	1,077
Postage	1,617	808	808	1,616	3,233
Miscellaneous	-	1,182	-	1,182	1,182
Parking	-	338	-	338	338
<b>Total Other Expenses</b>	<b>206,153</b>	<b>127,601</b>	<b>41,898</b>	<b>169,499</b>	<b>375,652</b>
<b>Total Functional Expenses</b>	<b>\$ 2,317,562</b>	<b>\$ 326,332</b>	<b>\$ 150,569</b>	<b>\$ 476,901</b>	<b>\$ 2,794,463</b>

*The accompanying footnotes are an integral part of these financial statements.*

## Young Audiences of Louisiana, Inc. Statements of Cash Flows

<i>For the years ended June 30,</i>	<b>2018</b>	<b>2017</b>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (25,919)	\$ 339,775
Adjustments to reconcile change in net assets to cash (used in)/provided by operating activities:		
Realized and unrealized gains on investments	(9,631)	(12,322)
Grant disbursement and related fees	1,255	1,282
Change in operating assets and liabilities:		
Accounts receivable - federal Grants	(104,020)	2,308
Accounts receivable - schools	(120,464)	9,084
Accounts payable	10,566	(27,687)
Prepaid expenses	(14,150)	5,810
<b>Net cash (used in)/provided by operating activities</b>	<b>(262,363)</b>	<b>318,250</b>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	-	1,165
Purchases of investments	(12,047)	(159,749)
<b>Net cash used in investing activities</b>	<b>(12,047)</b>	<b>(158,584)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(274,410)</b>	<b>159,666</b>
<b>Cash and cash equivalents at beginning of fiscal year</b>	<b>658,470</b>	<b>498,804</b>
<b>Cash and cash equivalents at end of fiscal year</b>	<b>\$ 384,060</b>	<b>\$ 658,470</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash received during the year for interest on endowment	\$ 2,291	\$ 1,077

*The accompanying footnotes are an integral part of these financial statements.*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Activities***

Young Audiences of Louisiana, Inc. (“YALA”) is a nonprofit organization. YALA presents cultural activities, primarily plays and concerts, to students throughout southeast Louisiana.

***Basis of Accounting***

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

***Use of Estimates***

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

***Basis of Presentation***

YALA follows the provisions of *Not-For-Profit Entities* Topic of FASB ASC 958, which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- **Unrestricted:** Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets. As of June 30, 2018 and 2017, YALA had \$1,348,717 and \$1,375,643 of unrestricted net assets, respectively.
- **Temporarily Restricted:** Net assets whose use by YALA is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of YALA pursuant to such stipulations. As of June 30, 2018 and 2017, YALA had \$7,690 and \$6,683 of temporarily restricted net assets, respectively.
- **Permanently Restricted:** Net assets whose use by YALA is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of YALA. As of June 30, 2018 and 2017, YALA had \$20,000 of permanently restricted net assets per year.

The classification of net assets into the three separate groupings described above is based on criteria established by the Financial Accounting Standards Board which are not necessarily consistent with regulations of the Internal Revenue Service concerning restrictions on donations.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Cash and Cash Equivalents***

Cash, which is held in interest bearing accounts, consists of unrestricted balances. Unrestricted cash balances represent cash available for general operating purposes. YALA classifies all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

***Functional Expenses***

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the indirect method of allocation.

***Receivables***

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management closely monitors outstanding balances and writes-off any balances that are deemed uncollectible and therefore has created an allowance for doubtful accounts for those balances that YALA may not receive the full outstanding balance. There was no allowance for doubtful accounts for the years ended June 30, 2018 and 2017.

***Investments***

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the accompanying statements of financial position. If listed prices or quoted prices are not available, fair value is based on externally developed models that use unobservable inputs due to the limited market activity of the investment. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

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

For purposes of its endowment, YALA has placed funds on deposit with the Greater New Orleans Foundation (GNOF). The \$20,000 investment is a permanent endowment, to be held in perpetuity by the GNOF, with only an income distribution available annually to YALA.

Distributions from the endowment funds are subject to the GNOF's endowed funds spending policy. In general, distributions are made by the GNOF in the first quarter of each calendar year.

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

The beneficial interest in assets held by others is reported at fair value. The \$20,000 permanently restricted endowment is reported on the accompanying statements of financial position, in net assets, as permanently restricted net assets. Amounts exceeding the \$20,000 permanently restricted endowment are reported on the accompanying statements of financial position, in net assets, as temporarily restricted net assets.

***Federal, Municipal and State Grants***

YALA receives grants from Federal, Municipal and State programs that are for use on specific projects. Most programs are funded on a reimbursement basis, and revenues are considered to be earned when expense is incurred and reimbursement is requested.

***Donations***

YALA receives donations as a source of revenue through foundations, fundraisers, and corporate contributions. Donations are recorded as revenue upon receipt by YALA. Donations may be rendered as restricted funds to YALA at the discretion of the donor. For restricted funds, YALA classifies those funds based on the type of restriction.

***Program Fees***

YALA receives program fees as a significant source of revenue. YALA accrues revenue and records a receivable following performance of program services.

***Advertising***

YALA expenses advertising costs as incurred. Advertising expense for the years ended June 30, 2018 and 2017 was \$30,081 and \$40,208, respectively.

***Income Taxes***

YALA is a tax exempt organization under Internal Revenue Code Section 501(c)(3) and, as such, is not subject to income tax.

***Recent Accounting Pronouncements***

In August 2016, FASB released ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which amends the financial reporting and disclosure of net assets for not-for-profit entities. The main provisions include presenting net assets in two classes, net assets with donor restrictions and net assets without donor restrictions, on the statements of financial position; presenting on the face of the statements of activities the amount of change in each of the two classes; and providing enhanced disclosures over the amounts and purposes of governing board designations, composition of net assets with donor restrictions, and qualitative information that

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

communicates how an organization manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position dates. The provisions of this standard are effective for the fiscal year beginning July 1, 2018. Management is still evaluating the impact that the implementation of this ASU will have on YALA's financial statements.

In May 2014, FASB issued ASU No. 2014-09, *Revenues from Contracts with Customers*, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The provisions of this standard are effective for the fiscal year beginning July 1, 2019. Management is still evaluating the impact that the implementation of this ASU will have on YALA's financial statements.

In February 2016, FASB released ASU No. 2016-02, *Leases* (Topic 842). Topic 842 supersedes Topic 840, *Leases*, and affects how entities account for operating and capital leases. The main provision of Topic 842 requires entities to recognize a lease asset and lease liability for leases classified as operating under previous guidance. A lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The guidance allows for accounting policy election to not recognize a lease asset or liability for leases with terms of 12 months or less. The amendments of ASU 2016-07 are effective for the fiscal year beginning July 1, 2020. Management is still evaluating the impact that the implementation of this ASU will have on YALA's financial statements.

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The main provisions include guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The provisions of this standard are effective for the fiscal year beginning July 1, 2019. Management is still evaluating the impact that the implementation of this ASU will have on YALA's financial statements.

***Reclassification***

Certain amounts previously reported in the financial statements on the statements of functional expenses for the prior year have been reclassified to conform with the current year classification.

***Subsequent Events***

YALA has evaluated subsequent events through December 19, 2018, the date the financial statements were available to be issued, and no events material to the financial statements were noted for disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**NOTE 2 – CASH AND CASH EQUIVALENTS**

YALA maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended June 30, 2018 and 2017. At times, the balance may exceed the federally insured amount. The cash balances at June 30, 2018 and 2017, exceeded the FDIC limits by \$114,749, and \$275,925, respectively.

**NOTE 3 – RESTRICTIONS ON NET ASSETS**

Permanently restricted net assets totaling \$20,000 at June 30, 2018 and 2017 are restricted by the donor for investment in a permanent endowment (see Note 4). The investment income net of grant disbursement and related fees from the GNOF endowment totaled \$1,007 and \$996 for the years ended June 30, 2018 and 2017, respectively, and is temporarily restricted for YALA's afterschool programs.

**NOTE 4 – INVESTMENTS**

Investments at June 30, 2018 and 2017 are recorded at fair value on the accompanying statements of financial position totaling \$407,410 and \$386,987, respectively. Investments consist of the following:

<b>Morgan Stanley Mutual Funds</b>			<b>GNOF Endowment Fund</b>		
<b>June 30,</b>	<b>Cost</b>	<b>Fair Value</b>	<b>June 30,</b>	<b>Cost</b>	<b>Fair Value</b>
<b>2018</b>	<b>\$ 352,529</b>	<b>\$ 379,720</b>	<b>2018</b>	<b>\$ 20,000</b>	<b>\$ 27,690</b>
2017	\$ 348,137	\$ 360,304	2017	\$ 20,000	\$ 26,683

The following schedule summarizes the investment income and its classification in the accompanying Statements of Activities:

*For the year ended June 30, 2018:*

	<b>Mutual Funds</b>	<b>Endowment Fund</b>	<b>Total</b>
Interest and dividend income	\$ 11,669	\$ 191	\$ <b>11,860</b>
Realized gains	-	922	<b>922</b>
Unrealized gains	7,560	1,149	<b>8,709</b>
<b>Total investment income</b>	<b>\$ 19,229</b>	<b>\$ 2,262</b>	<b>\$ 21,491</b>

**NOTE 4 – INVESTMENTS (CONTINUED)**

*For the year ended June 30, 2017:*

	Mutual Funds	Endowment Fund	Total
Interest and dividend income	\$ 8,606	\$ 181	\$ 8,787
Realized gains	-	286	286
Unrealized gains	10,225	1,811	12,036
<b>Total investment income</b>	<b>\$ 18,831</b>	<b>\$ 2,278</b>	<b>\$ 21,109</b>

Investment income from the mutual funds is classified as unrestricted revenue in the accompanying statements of activities. Investment income from the endowment funds is classified as temporarily restricted revenue in the accompanying statements of activities.

**NOTE 5 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The endowment fund is reported at fair value (See Note 1). YALA had the following endowment-related activities included in beneficial interest in assets held by others for the years ended:

<i>For the years ended June 30,</i>	<b>2018</b>	2017
Beginning Balance	\$ 26,683	\$ 25,687
Interest and dividend income on investments	191	181
Realized and unrealized gains/(losses) on investments	2,071	2,097
Disbursements and other fees	(1,255)	(1,282)
<b>Ending beneficial interest in assets</b>	<b>\$ 27,690</b>	<b>\$ 26,683</b>

**NOTE 6 – COOPERATIVE FUNDING EXPENSE**

The national Young Audiences organization computes YALA's share of cooperative funding based upon their eligible revenues compared to revenues of all chapters. Cooperative funding for the years ended June 30, 2018 and 2017 totaled \$17,178 and \$17,500, respectively.

**NOTE 7 – OPERATING LEASES**

In April 2015, YALA entered into a lease agreement that expired May 31, 2018. The lease required a minimum rental payment of \$2,326 per month. The lease was renewed and commenced June 1, 2018 with a minimum rental payment of \$2,326 per month set to expire May 31, 2019.

**NOTE 7 – OPERATING LEASES (CONTINUED)**

Future minimum rental payments for the office space, as of June 30, 2018 are approximately as follows:

June 30,		\$	
	2019		25,586
	Total	\$	25,586

Total rent expense for operating leases at June 30, 2018 and 2017 was \$32,493 and \$29,195, respectively.

**NOTE 8 – FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board Accounting Standards Codification Topic *Fair Value Measurements and Disclosures* (FASB ASC 820) and FASB ASC Topic *Financial Instruments* (FASB ASC 825), requires disclosure of fair value information about financial instruments, whether or not recognized in the Statements of Financial Position. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices.

In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. FASB ASC 825 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of YALA. The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**NOTE 8 – FAIR VALUE MEASUREMENTS (CONTINUED)**

***Mutual Funds***

Fair values of mutual funds are usually based on quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

***Endowment Funds***

The endowment funds held by others for YALA cannot be redeemed by YALA and are valued at net asset value within the endowment. According to Accounting Standards Update 2015-07 *Fair Value Measurement* (Topic 820), if an organization will never have the ability to redeem its investment in an endowment pool at net asset value per share (or its equivalent), the fair value measurement of the investment should be categorized within level 3 of the fair value hierarchy.

The valuation of YALA’s assets and liabilities measured at fair value on a recurring basis are as follows:

*Fair value measurements of financial instruments at June 30, 2018:*

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$ 379,720	\$ -	\$ -	\$ 379,720
Endowment Fund	-	-	27,690	27,690
<b>Total</b>	<b>\$ 379,720</b>	<b>\$ -</b>	<b>\$ 27,690</b>	<b>\$ 407,410</b>

*Fair value measurements of financial instruments at June 30, 2017:*

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual Funds	\$ 360,304	\$ -	\$ -	\$ 360,304
Endowment Fund	-	-	26,683	26,683
<b>Total</b>	<b>\$ 360,304</b>	<b>\$ -</b>	<b>\$ 26,683</b>	<b>\$ 386,987</b>

**NOTE 9 – CONCENTRATION OF REVENUES**

For the years ended June 30, 2018 and 2017, YALA received approximately 27% and 23%, respectively, of its revenue from federal grants.

**NOTE 10 – RELATED PARTY TRANSACTIONS**

YALA recorded approximately \$1,406,372 and \$1,128,458 in revenue from Young Audiences Charter School for certain services provided by YALA during the years ended June 30, 2018 and 2017, respectively, of which, \$437,444 and \$228,458 were outstanding at June 30, 2018 and 2017, respectively, and recorded in “Accounts Receivable – Schools” in the accompanying financial statements. Those services were primarily for arts and culture education programs, along with management oversight and staff training. In addition, certain in-kind services related to the start-up of Young Audiences Charter Association were provided by YALA during the years ended June 30, 2018 and 2017. No amounts have been reflected in the accompanying financial statements for these in-kind services since they do not meet the criteria for recognition under FASB Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*.

YALA paid approximately \$6,381 and \$7,228 to related parties for performances during the years ended June 30, 2018 and 2017, respectively.

**NOTE 11 – UNCERTAIN TAX POSITIONS**

Accounting principles generally accepted in the United States of America require YALA’s management to evaluate tax positions taken by YALA and recognize a tax liability if YALA has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. YALA’s management has analyzed the tax positions taken by YALA, and has concluded that at June 30, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. YALA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

**NOTE 12 – FEDERAL GRANTS RECEIVABLE**

Federal grants receivable at June 30, 2018 and 2017 is comprised of the following balances:

At June 30,	2018	2017
Arts in Education	\$ 174,129	\$ 36,214
Twenty-First Century Community Learning Centers	63,722	97,617
Total federal grants receivable	\$ 237,851	\$ 133,831



**SUPPLEMENTARY INFORMATION**



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**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**

Board of Directors  
Young Audiences of Louisiana, Inc.  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Young Audiences of Louisiana, Inc. ("YALA") (a non-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statement of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audits of the financial statements, we considered YALA'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 YALA's internal control. Accordingly, we do not express an opinion on the effectiveness of YALA'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 YALA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether YALA'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 instance 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 YALA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YALA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Carr, Riggs & Ingram, L.L.C.*

December 19, 2018

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

Board of Directors  
Young Audiences of Louisiana, Inc.  
New Orleans, Louisiana

### **Report on Compliance for The Major Federal Program**

We have audited Young Audiences of Louisiana, Inc.'s ("YALA") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on YALA's major federal program for the year ended June 30, 2018. YALA's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

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

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

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

In our opinion, YALA 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, 2018.

## Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Carri Riggs & Ingram, L.L.C.*

December 19, 2018

**Young Audiences of Louisiana, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal Expenditures(\$)	Amount Passed Through to Subrecipient	Total Federal Expenditures(\$)
<b>U.S. Department of Education</b>				
Passed through Jefferson Parish Public School System				
Arts in Education	84.351	\$ 421,689	-	\$ 421,689
Passed through Louisiana Department of Education				
Twenty-First Century Community Learning Centers	84.287	368,110	-	368,110
<b>Total U.S. Department of Education</b>		789,799	-	789,799
<b>Total Expenditures of Federal Awards</b>		\$ 789,799	-	\$ 789,799

**Young Audiences of Louisiana, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2018**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Young Audiences of Louisiana, Inc. (“YALA”) (a nonprofit organization) and is presented on the accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. YALA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 – LOANS**

YALA did not expend federal awards related to loans or loan guarantees during the year.

**NOTE 4 – NONCASH ASSISTANCE**

YALA did not receive any federal noncash assistance for the year ended June 30, 2018.

**Young Audiences of Louisiana, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2018**

**A. SUMMARY OF AUDITORS' RESULTS**

1. The Independent Auditors' Report expresses an unmodified opinion on the financial statements of Young Audiences of Louisiana, Inc. ("YALA").
2. No material weakness or significant deficiencies relating to the audit in the 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*.
3. There were no instances of noncompliance material to the financial statements of YALA 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 Performed in Accordance with *Government Auditing Standards*.
4. No material weakness or significant deficiency, relating to the audit, is reported in the Independent Auditors' Report on Compliance for the Major Program and on Internal Control over Compliance Required by The Uniform Guidance.
5. The Independent Auditors' Report on Compliance for the Major Program and on Internal Control over Compliance Required by the Uniform Guidance expresses an unmodified opinion on the major federal program.
6. There were no findings that are required to be reported in accordance with 2 CFR Section 200.516(a) of the Uniform Guidance.
7. The program tested as a major program for the year ended June 30, 2018 was:

Program Title	CFDA Number
Twenty-First Century Community Learning Centers	84.287
8. The dollar threshold for distinguishing between Type A and Type B programs: \$750,000.
9. YALA did not qualify as a low-risk auditee under Section 200.520 of Uniform Guidance.



**Young Audiences of Louisiana, Inc.  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended June 30, 2018.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM**

There were no findings or questioned costs related to the major federal award program for the year ended June 30, 2018.

**D. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

There were no findings related to compliance and other matters for the year ended June 30, 2018.



**Young Audiences of Louisiana, Inc.  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2018**

**B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no findings related to the financial statements for the year ended June 30, 2017.

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM**

There was no Single Audit performed or required to be performed for the year ended June 30, 2017.

**D. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS**

There were no findings related to compliance and other matters for the year ended June 30, 2017.

**Young Audiences of Louisiana, Inc.**  
**Schedule of Compensation, Benefits and**  
**Other Payments Made to Agency Head**  
**For the Year Ended June 30, 2018**

Agency Head Name: Rickie Nutik, CEO

<b>PURPOSE</b>	<b>AMOUNT</b>
Salary	\$ 100,228
Benefits - Health Insurance	-
Benefits - Retirement	-
Deferred compensation	-
Workers compensation	-
Benefits - Life Insurance	-
Benefits - Long-Term disability	-
Benefits - FICA & Medicare	7,667
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings & conventions	-
Other	-
	<b>\$ 107,895</b>

**Note:**

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

*See independent auditor's report.*

# **Young Audiences of Louisiana, Inc.**

## **Statewide Agreed-Upon Procedures Report**

**For the Year Ended June 30, 2018**



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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of  
Young Audiences of Louisiana, Inc.  
New Orleans, Louisiana  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Young Audiences of Louisiana, Inc. ("the Organization") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period July 1, 2017 through June 30, 2018. The Organization is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

### ***Written Policies and Procedures***

---

1. Obtain and inspect the Organization's written policies and procedures and observe that they address each of the following categories and subcategories:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.  
**Results: No exceptions were found as a result of applying the procedure.**
  - 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.  
**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

- 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.

**Results: No exceptions were found as a result of applying the procedure.**

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

**Results: No exceptions were found as a result of applying the procedure.**

- 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.

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

### ***Bank Reconciliations***

---

2. Obtain a listing of client 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 all other accounts since less than five total bank accounts. Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

- 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., initiated and dated, electronically logged); and

**Results: The selected September 2017 bank reconciliation was not reviewed by a member of management/board member who does not handle cash, post ledgers, or issue checks.**

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

**Results: No exceptions were found as result of applying the procedure.**

### ***Collections***

---

- 3. 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).

**Results: No exceptions were found as a result of applying the procedure.**

- 4. For the one deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Select the one collection location for the one deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

- 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.

**Results: No exceptions were found as a result of applying the procedure.**

- 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 verifies the reconciliation.

**Results: No exceptions were found as a result of applying the procedure.**

- 5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

**Results: No exceptions were found as a result of applying the procedure.**

- 6. Randomly select two deposit dates for each of the two bank accounts selected for procedure #2 under "Bank Reconciliations" above. Obtain supporting documentation for each of the deposits and:

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

- d) Observe that the deposit was made within one business day of collection (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

**Results: One of the two deposits selected was not deposited within one business day of collection.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

---

- 7. 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).

**Results: No exceptions were found as a result of applying the procedure.**

8. For the one location selected under #7 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 and observe that job duties are properly segregated such that:

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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

**Results: No exceptions were found as a result of applying the procedure.**

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.

**Results: No exceptions were found as a result of applying the procedure.**

9. For the one location selected under #7 above, obtain the Organization's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five (5) disbursements, obtain supporting documentation for each transaction and:

**Results: No exceptions were found as a result of applying the procedure.**

a) Observe that the disbursement matched the related original invoice/billing statement.

**Results: No exceptions were found as a result of applying the procedure.**

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

**Results: No exceptions were found as a result of applying the procedure.**

### ***Credit Cards/Debit Cards***

---

10. 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.

**Results: No exceptions were noted as a result of applying the procedure.**

11. 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:

a) Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder.

**Results: No exceptions were noted as result of applying the procedure.**

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

**Results: No exceptions were noted as result of applying the procedure.**

12. Using the monthly statements or combined statements selected under #11 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. For each transaction, observe that 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).

**Results: For one monthly statement, no supporting documentation was provided for a sample of three selected transactions, which totaled \$84.44. No supporting documentation was provided for a sample of two selected transactions for those who participated in meals, which totaled \$64.47.**

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is solely to describe the scope of procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, 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.

*Cary Riggs & Ingram, L.L.C.*

December 21, 2018



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December 12, 2018

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Suite 350  
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures  
Young Audiences of Louisiana, Inc.

Dear Sirs:

Young Audiences of Louisiana, Inc. will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Specific responses are as follows:

**Statewide AUP findings**

**Reconciliations** - 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., initiated and dated, electronically logged); and

**Results:** The selected September 2017 bank reconciliation was not reviewed by a member of management/board member who does not handle cash, post ledgers, or issue checks.

**Management Response:** *While reconciliations were conducted by accountant and reviewed by CEO and Associate Director, YALA is revising policy to include review of bank reconciliations by Treasurer or member of Executive Committee.*

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**Collections** – Observe that the deposit was made within one business day of collection (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

**Results:** One of the two deposits selected was not deposited within one business day of collection.

**Management Response:** *YALA will engage accountant to make deposits in addition to Associate Director and CEO.*

**Credit Cards** – Using the monthly statements or combined statements selected under #11 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. For each transaction, observe that 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).

**Results:** For one monthly statement, no supporting documentation was provided for a sample of three selected transactions, which totaled \$89.93.

**Management Response:** *Management is implementing electronic tracking of receipts and documentation going forward.*

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard Bates".

Richard Bates  
Associate Director