

TrainingGrounds, Inc.
Financial Statements
December 31, 2022



TrainingGrounds

Providing Knowledge To Move Families & Communities Forward



Training Grounds

Year Ended December 31, 2022

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(1905-1985)
KEITH T. HAMILTON, C.P.A.
(1932-2003)
LEROY P. LEGENDRE, C.P.A.
(Retired)
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(1958-2019)

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of TrainingGrounds, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of TrainingGrounds, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

The Board of Directors
TrainingGrounds, Inc.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TrainingGrounds, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about TrainingGrounds, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, as required by the State of Louisiana is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial

The Board of Directors
TrainingGrounds, Inc.

statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2023, on our consideration of the TrainingGrounds, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TrainingGrounds, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TrainingGrounds, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited TrainingGrounds, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 25, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Metairie, Louisiana
May 3, 2023

TrainingGrounds, Inc.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

(With Summarized Financial Information at December 31, 2021)

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,029,295	\$ 760,973
Accounts receivable	1,358	5,000
Grants receivable	33,028	12,074
Prepaid expenses	7,507	11,600
Promises to give	262,500	288,000
Furniture and equipment, net	<u>5,171</u>	<u>6,597</u>
 Total Assets	 <u><u>\$ 1,338,859</u></u>	 <u><u>\$ 1,084,244</u></u>
<u>LIABILITIES</u>		
Accounts payable	1,510	750
Accrued expenses	16,606	5,655
Deferred revenue	<u>1,727</u>	<u>11,757</u>
 Total Liabilities	 <u>19,843</u>	 <u>18,162</u>
<u>NET ASSETS</u>		
Without donor restrictions	925,033	835,198
With donor restrictions	<u>393,983</u>	<u>230,884</u>
 Total Net Assets	 <u>1,319,016</u>	 <u>1,066,082</u>
 Total Liabilities and Net Assets	 <u><u>\$ 1,338,859</u></u>	 <u><u>\$ 1,084,244</u></u>

See accompanying notes to financial statements.

TrainingGrounds, Inc.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<u>SUPPORT AND REVENUES</u>				
Contributions of cash and other financial assets	\$ 36,247	\$ 811	\$ 37,058	\$ 27,848
Contributions of nonfinancial assets	0	0	0	2,400
Government grant income	0	0	0	27,500
Pass-through government grant income	210,469	0	210,469	19,868
Private grant income	130,000	397,500	527,500	814,500
United Way grant income	0	50,000	50,000	0
Contractor revenue	82,138	0	82,138	35,508
Workshop revenue	11,814	0	11,814	20,735
Investment return, net	2,260	0	2,260	1,360
Net assets released from restrictions	285,212	(285,212)	0	0
 Total Support and Revenues	 758,140	 163,099	 921,239	 949,719
<u>EXPENSES</u>				
<i>Program Services:</i>				
Education and training	587,969	0	587,969	282,548
<i>Supporting Services:</i>				
Management and general	58,326	0	58,326	24,821
Fundraising and development	22,010	0	22,010	1,793
 Total Expenses	 668,305	 0	 668,305	 309,162
 Change in Net Assets	 89,835	 163,099	 252,934	 640,557
 Net Assets - Beginning of Year	 835,198	 230,884	 1,066,082	 425,525
 Net Assets - End of Year	 \$ 925,033	 \$ 393,983	 \$ 1,319,016	 \$ 1,066,082

TrainingGrounds, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

(With Summarized Financial Information for the Year Ended December 31, 2021)

	<u>Program Services</u>	<u>Supporting Services</u>		2022 Total	2021 Total
	Education and Training	Management and General	Fundraising and Development		
Accounting fees	\$ 6,333	\$ 18,467	\$ 0	\$ 24,800	\$ 9,833
Advertising and promotion	16,484	0	0	16,484	1,014
Bad debts	4,000	0	0	4,000	1,500
Bank fees	0	657	0	657	397
Depreciation	1,426	0	0	1,426	535
Food	4,551	64	375	4,990	341
Insurance	0	5,800	0	5,800	4,305
Miscellaneous	617	802	14	1,433	183
Occupancy	28,155	3,645	0	31,800	26,400
Payroll services	0	1,289	0	1,289	1,110
Payroll taxes	20,814	1,540	0	22,354	14,395
Postage	104	41	0	145	156
Printing	6,308	46	0	6,354	2,815
Professional fees	135,228	106	21,621	156,955	29,036
Salaries and wages	278,476	20,137	0	298,613	181,785
Specific assistance	29,311	0	0	29,311	5,250
Staff development	12,682	3,000	0	15,682	7,531
Supplies	35,030	231	0	35,261	12,800
Technology	7,871	1,271	0	9,142	8,276
Telephone	341	0	0	341	304
Uniforms	238	0	0	238	667
Workers' compensation	0	1,230	0	1,230	529
Total Expenses	\$ 587,969	\$ 58,326	\$ 22,010	\$ 668,305	\$ 309,162

TrainingGrounds, Inc.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With Summarized Financial Information for the Year Ended December 31, 2021)

	2022	2021
<u>CASH FLOWS OPERATING ACTIVITIES</u>		
Change in net assets	\$ 252,934	\$ 640,557
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,426	535
(Increase) in Accounts and Grants receivable	(17,312)	(8,374)
(Increase) Decrease in Prepaid expenses	4,093	(10,150)
(Increase) Decrease in Promise to give	25,500	(168,000)
Increase (Decrease) in Accounts payable	760	(834)
Increase in Accrued expenses	10,951	5,655
Increase (Decrease) in Deferred revenue	(10,030)	11,757
(Decrease) in Other liabilities	0	(27,500)
Net Cash Provided by Operating Activities	268,322	443,646
<u>CASH FLOWS INVESTING ACTIVITIES</u>		
Purchases of Furniture and equipment	0	(7,132)
Net Cash (Used in) Investing Activities	0	(7,132)
Net Increase in Cash, Cash Equivalents, and Restricted Cash	268,322	436,514
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	760,973	324,459
Cash, Cash Equivalents, and Restricted Cash - End of Year	1,029,295	760,973
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the year for:		
Interest	\$ 0	\$ 0
Income Taxes	\$ 0	\$ 0

See accompanying notes to financial statements.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

A. Nature of Activities

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

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

B. Summary of Significant Accounting Policies

Basis of Accounting

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

Basis of Presentation

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

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

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

As of December 31, 2022, the Board of Directors had not designated any amounts for specific purposes.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

B. Summary of Significant Accounting Policies (Continued)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2021 from which the summarized information was derived.

Estimates

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

Income Tax Status

The Organization is a non-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Management has evaluated its tax positions and concluded that the Organization has taken no uncertain tax positions that required recognition or disclosure in the financial statements. Tax years ended December 31, 2019 and later remain subject to examination by the taxing authorities.

Cash and Cash Equivalents

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

Accounts Receivable

Accounts receivable represents consideration from contractor or workshop revenues, of which the Organization has an unconditional right to receive payment. Accounts receivable is stated at the amount management expects to be collected from outstanding balances. Management monitors outstanding receivable balances and charges off to bad debt expense any balances that are determined to be uncollectible. As of December 31, 2022, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

B. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

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

Contributed Support

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

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

Grants Receivable

Grants receivable represents billings which are based primarily on cost reimbursement contracts with governmental agencies or pass-through recipients of governmental funds. Grants receivable is stated at the amount management expects to collect from outstanding balances. Management monitors outstanding receivable balances and charges off to bad debt expense any balances that are determined to be uncollectible. In 2022, bad debt expenses were \$4,000. As of December 31, 2022, management has determined, based on historical experiences, that all remaining grant receivable balances are fully collectible and no allowance for doubtful accounts is necessary.

Governmental Financial Assistance

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

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

B. Summary of Significant Accounting Policies (Continued)

Contributed Services

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

Contributed Facilities

Donations of facilities are recorded as contributions at fair value at date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the use of the donated facility to a specific purpose. The Organization did not receive any donated office space in 2022.

Investment Return, Net

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

Property and Equipment

The Organization has adopted a policy of capitalizing property and equipment greater than \$2,500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation is provided using the straight-line basis over the estimated useful lives of the depreciable assets. The estimated useful life for Furniture and equipment is 5 years.

Leases

The Organization has elected not to recognize right-of-use assets and lease liabilities for its operating leases for office space, computers, and other office equipment for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Lease costs are reported on a straight-line basis over the lease term.

Cost Allocation

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

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

B. Summary of Significant Accounting Policies (Continued)

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expenses for the year ended December 31, 2022 were \$16,484.

Fair Value Measurements

Generally accepted accounting principles require the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the assets and liabilities, either directly or indirectly (Level 2); and unobservable inputs from the assets or liabilities (Level 3). At December 31, 2022, the Organization had no assets or liabilities measured at fair value.

Reclassifications

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

Subsequent Events

Subsequent events have been evaluated through May 3, 2023, which is the date the financial statements were available to be issued.

C. Accounts Receivable

Accounts receivable consists of \$1,358 and \$5,000 from Contractor revenue at December 31, 2022 and 2021, respectively.

D. Promises to Give

Promises to give at December 31, 2022 consists of \$262,500 from six grantors. Amounts are unconditional and due in less than one year. Management expects all balances to be fully collectible; as a result, there is no allowance for uncollectible promises at year end.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

E. Furniture and Equipment

A summary of property and equipment at December 31, 2022 is as follows:

Furniture and equipment	\$ 7,132
Less: Accumulated depreciation	<u>(1,961)</u>
Total Furniture and equipment, net	<u>\$ 5,171</u>

Depreciation expense for 2022 is \$1,426.

F. Deferred Revenue

Deferred revenue consists of \$1,727 and \$10,667 from contractor revenue and \$0 and \$1,090 from workshop revenue as of December 31, 2022 and 2021, respectively.

G. Net Assets

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

At December 31, 2022, net assets with donor restrictions are available for the following purposes:

Subject to expenditure for specified purposes:	
Operation of the We Play Center	\$ 42,483
Education and Training Programs	75,000
Replication and Expansion	222,500
Disaster Victims	4,000
Subject to passage of time:	
Unconditional promise to give	<u>50,000</u>
Total	<u>\$ 393,983</u>

The following net assets with donor restrictions were released during 2022 due to the satisfaction of donor restrictions:

Operation of the We Play Center	\$ 138,719
Education and Training Programs	94,800
Marketing	31,882
Leadership Development	3,000
Disaster Victims	<u>16,811</u>
Total	<u>\$ 285,212</u>

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

H. Description of Leasing Arrangements

In August 2022, the Organization entered into a lease for space to operate its We PLAY Center and to hold education and training workshops for monthly payments of \$2,650. The lease expires on July 31, 2023. The previous lease agreement with monthly payments of \$2,650 terminated on July 31, 2022. Lease costs for 2022 were \$31,800 and are included in Occupancy expenses in the Statement of Functional Expenses.

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

2023	\$ <u>18,550</u>
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I. Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date:

Financial assets	\$ 1,326,181
Less: Amounts unavailable for general expenditures within one year due to donor-imposed restrictions	
Cash and cash equivalents	141,483
Promises to give	<u>252,500</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>932,198</u>

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

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

J. Concentration of Credit Risk

The Organization maintains deposits with two financial institutions. At times, its cash in the bank deposit accounts may exceed federally insured limits. As of December 31, 2022, uninsured cash and cash equivalent balances were approximately \$528,000.

K. Current Vulnerability Due to Certain Concentrations

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

In 2022, 89% of Pass-through government grant income and 74% of Grants receivable relate to a cost-reimbursement contract award from one nonprofit agency.

Other concentrations as of and for the year ended December 31, 2022 are as follows:

- 65% of Private grant income was received from two private foundations and 67% of Promises to give are due from two private grantors.
- 60% of Contractor revenue was received from one nonprofit agency.

L. Conditional Contribution

At December 31, 2022, the Organization had three outstanding awards from pass-through government contracts. The total amount of the awards remaining to be expended and reimbursed in 2023 is \$227,672.

M. Adoption of New Accounting Pronouncements

During the year, the Organization adopted the following new accounting pronouncements:

Accounting Standards Update No. 2016-02, Leases (Topic 842) ("ASU 2016-02").

ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases, except short-term leases. For the Organization's short-term leases, it has elected a practical expedient not to apply the recognition requirements of Topic 842 and to recognize the lease payments as lease costs on a straight-line basis over the lease term. Consequently, the adoption of this accounting standard had no effect on the previously reported net assets or change in net assets for the year ended December 31, 2021.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2022

M. Adoption of New Accounting Pronouncements (Continued)

Accounting Standards Update No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) ("ASU 2020-07").

ASU 2020-07 requires non-profit organizations to present contributed nonfinancial assets in a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, non-profit organizations are required to disaggregate the contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. Management has analyzed the provisions of ASU 2020-07 and has concluded that a separate line for gifts-in-kind received in 2021 for donated office space is needed. The reclassification had no effect on the previously reported net assets or change in net assets for the year ended December 31, 2021. There were no contributions of nonfinancial assets reported in 2022.

SUPPLEMENTAL INFORMATION

TrainingGrounds, Inc.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2022

Agency Head Name: Melanie Richardson, Executive Director

Purpose:

Salary	\$ <u>78,800</u>
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Note: No benefits or reimbursements were paid to the Executive Director from public funds.

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INDEPENDENT AUDITOR'S 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
TrainingGrounds, 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 TrainingGrounds, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 May 3, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered TrainingGrounds, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TrainingGrounds, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of TrainingGrounds, Inc.'s internal control.

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

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

To the Board of Directors
TrainingGrounds, Inc.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TrainingGrounds Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TrainingGrounds, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Metairie, Louisiana
May 3, 2023