

Financial Report

Culture Aid NOLA

December 31, 2021



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Culture Aid NOLA,
New Orleans, Louisiana.

Opinion

We have audited the accompanying financial statements of Culture Aid NOLA (the "Organization") a not-for-profit organization, which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information in Schedule 1 is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3) and is not a required part of the financial statements. The information in Schedule 1 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 in Schedule 1 is fairly stated in all material respects in relation to the financial statements as a whole.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
June 14, 2022.

STATEMENT OF FINANCIAL POSITION**Culture Aid NOLA**
New Orleans, Louisiana

December 31, 2021

Assets

Cash	\$487,146
Prepaid expenses	2,501
Property and equipment, net	<u>103,371</u>
Total assets	<u><u>\$593,018</u></u>

Liabilities

Accounts payable and accrued expenses	<u>\$ 8,979</u>
---------------------------------------	-----------------

Net Assets

Without donor restrictions	584,039
With donor restrictions	<u>-</u>
Total net assets	<u><u>584,039</u></u>
Total liabilities and net assets	<u><u>\$593,018</u></u>

See notes to financial statements.

STATEMENT OF ACTIVITIES

Culture Aid NOLA
New Orleans, Louisiana

For the year ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Revenues and Support			
Contributions	\$ 457,539	\$ -	\$ 457,539
In-kind support	903,940	-	903,940
Grants	445,498	-	445,498
Miscellaneous income	5,573	-	5,573
	<u>1,812,550</u>	<u>-</u>	<u>1,812,550</u>
Expenses			
Program services	1,104,313	-	1,104,313
Management and general	75,055	-	75,055
Fundraising	49,143	-	49,143
	<u>1,228,511</u>	<u>-</u>	<u>1,228,511</u>
Change in Net Assets	584,039	-	584,039
Net Assets			
Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u><u>\$ 584,039</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 584,039</u></u>

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**Culture Aid NOLA**
New Orleans, Louisiana

For the year ended December 31, 2021

	Program Services	Supporting Services			Totals
		Management and General	Fundraising	Totals	
Expenses					
Accounting fees	\$ -	\$16,775	\$ -	\$ 16,775	\$ 16,775
Depreciation	3,433	-	-	-	3,433
Development and training	2,843	-	-	-	2,843
Facility and equipment	23,644	1,010	-	1,010	24,654
Fundraising fees	-	-	10,536	10,536	10,536
Insurance	-	5,546	1,564	7,110	7,110
Other expenses	5	185	535	720	725
Other professional fees	50	375	250	625	675
Payroll processing fees	-	671	-	671	671
Printing, postage, and supplies	1,345	1,879	116	1,995	3,340
Program food	68,609	-	-	-	68,609
Program supplies	30,037	27	-	27	30,064
Salaries and wages	84,013	29,176	35,858	65,034	149,047
Special events	3,800	71	284	355	4,155
Travel and meetings	1,885	49	-	49	1,934
Total expenses before in-kind expenses	219,664	55,764	49,143	104,907	324,571
In-Kind Expenses					
Services	-	17,500	-	17,500	17,500
Supplies	41,196	-	-	-	41,196
Food distribution	840,478	-	-	-	840,478
Other	2,975	1,791	-	1,791	4,766
Total in-kind expenses	884,649	19,291	-	19,291	903,940
Total expenses	\$1,104,313	\$75,055	\$49,143	\$124,198	\$1,228,511

See notes to financial statements.

STATEMENT OF CASH FLOWS**Culture Aid NOLA**
New Orleans, Louisiana

For the year ended December 31, 2021

Cash Flows From Operating Activities	
Change in net assets	<u>\$584,039</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,433
Increase (decrease) in operating assets:	
Prepaid expenses	(2,501)
Decrease (increase) in operating liabilities:	
Accounts payable and accrued expenses	<u>8,979</u>
Total adjustments	<u>9,911</u>
Net cash provided by operating activities	<u>593,950</u>
Cash Flows From Investing Activities	
Purchase of property and equipment	<u>(106,804)</u>
Net Increase in Cash	487,146
Cash	
Beginning of year	<u>-</u>
End of year	<u><u>\$487,146</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Culture Aid NOLA**
New Orleans, Louisiana

December 31, 2021

Note 1 - NATURE OF ACTIVITIES

Culture Aid NOLA (the "Organization") is a not-for-profit organization, incorporated on May 6, 2020 under the laws of the State of Louisiana. During 2020 its activities were part of a separate not-for-profit organization. The Organization began its own operations on January 1, 2021. The mission of the Organization is the consistent, accessible distribution of free groceries to residents of New Orleans and surrounding areas. Their aim is to serve the culture of the city by directing no-barrier, no-stigma aid to underserved members of the hospitality and cultural communities with dignity and grace.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Basis of Accounting**

The accompanying financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded when incurred.

b. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time, or net assets that are maintained in perpetuity by the Organization and not to be expended.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Use of Estimates

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

d. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents. The Organization did not have cash equivalents as of December 31, 2021.

e. Property and Equipment

Property and equipment is recorded at cost when purchased and at fair market value when received as a donation. Expenditures for maintenance, repairs, and minor renewals are charged against earnings as incurred. Acquisitions of property and equipment in excess of \$500 and all expenditures for improvements, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Property and equipment items have estimated useful lives of three to five years. The cost and accumulated depreciation of assets sold or retired are removed from the respective accounts and any resulting gain or loss is reflected in the change in net assets.

f. Contributions and Revenue Recognition

Contributions are recorded as support with or without donor restrictions depending on the existence and/or nature of any restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Functional Allocation of Expenses

The costs of providing the programs and other activities are summarized in the Statement of Functional Expenses. Some expenses are unable to be directly allocated to one of the programs or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include: Personnel costs which are allocated on the basis of estimates of time and effort and expenses related to special events held during the year are allocated based on the percentage of direct costs. The remaining expenses are specifically identified based on the expense incurred.

h. In-kind Support

During the year ended December 31, 2021, the Organization received in-kind support in the form of donated food, supplies, and services from external parties. In addition, the Organization received donated financial and fundraising services from a volunteer employee. Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets; or b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

i. Income Taxes

The Organization has received a letter of determination from the Internal Revenue Service advising that it qualifies as a non-profit corporation under Section 501 (c)(3) of the Internal Revenue Code, and therefore, is not subject to income tax. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of December 31, 2021, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. Tax years ended December 31, 2020, and later remain subject to examination by taxing authorities.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Recently Issued Accounting Standards

Leases

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, "*Leases*" (Topic 842). 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 for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In November 2021, the FASB issued ASU No. 2021-09, "*Lease Discount Rate for Leases That Are Not Public Business Entities*" (Topic 842) "*Discount Rate for Lessees That Are Not Public Business Entities*" (ASU No. 2021-09). This ASU currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. Entities that have not yet adopted Topic 842 as of November 11, 2021, are required to adopt the amendments in this update at the same time that they adopt Topic 842.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. Recently Issued Accounting Standards (Continued)

Contributed Non-Financial Assets

In September 2020, the FASB issued ASU No. 2020-07, "*Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*" (Topic 958). The ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The ASU is effective for fiscal years beginning after June 15, 2022. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

k. Subsequent Events

Management evaluates events subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through June 14, 2022, which is the date the financial statements were available to be issued.

Note 3 - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in several financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2021, the Organization had approximately \$234,000 of cash balances in excess of the insured limits.

Note 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by contributions and grants. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Annual operations are defined as activities occurring during, and included in the budget for, a fiscal year.

The following table represents financial assets available for general expenditures within one year as of December 31, 2021:

Financial assets:	
Cash	\$487,146
Total financial assets available to meet general expenditures within one year	\$487,146

Note 5 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2021 consists of the following:

Vehicles	\$101,966
Furniture and fixtures	<u>4,838</u>
	106,804
Less: accumulated depreciation	<u>(3,433)</u>
Net property and equipment	<u>\$103,371</u>

Depreciation for the year ended December 31, 2021 was \$3,433.

Note 6 - IN-KIND SUPPORT

The fair values of in-kind support and the corresponding expenses for the year ended December 31, 2021 are as follows:

<u>Support</u>	
Distribution supplies	\$ 40,196
Donated services	17,500
Food assistance and supplies	840,478
Other	<u>5,766</u>
Total	<u>\$903,940</u>

<u>Expenses</u>	
Services:	
Management and general	\$ 17,500
Other:	
Management and general	2,791
Program	2,975
Supplies:	
Program	40,196
Food distribution:	
Program	<u>840,478</u>
Total	<u>\$903,940</u>

Management and general	\$ 20,291
Fundraising	-
Program	<u>883,649</u>
Total	<u>\$903,940</u>

Note 6 - IN-KIND SUPPORT (Continued)

The Finance Director works part time without compensation. The value of services provided by the Finance Director during the year ended December 31, 2021 was approximately \$17,500, which is included in in-kind support as donated services.

Note 7 - LEASE COMMITMENT

On December 11, 2021, the Organization entered into a lease agreement for a parking lot and storage space from a church under a one year renewable operating lease agreement. After the first year, the lease is eligible for annual renewal with rent subject to re-negotiation. Future minimum payments under this operating lease total \$1,650. Rent expense for this lease totaled \$150 for the year ended December 31, 2021.

SUPPLEMENTARY INFORMATION SECTION

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

Culture Aid NOLA
New Orleans, Louisiana

For the year ended December 31, 2021

Agency Head Name: Erica Chomsky-Adelson, Executive Director

Purpose

Salary	\$60,250
Benefits - insurance	0
Benefits - retirement	0
Benefits - other	0
Car allowance	0
Vehicle provided by the Association	0
Per diem	0
Reimbursements	7,762
Travel	458
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Meals	57
	<hr/>
	<u>\$68,527</u>