Consolidated Financial Report

Louisiana Endowment for the Humanities and Prime Time Family Reading

October 31, 2021

LOUISIANA ENDOWMENT FOR THE HUMANITIES

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Consolidated Financial Report

Louisiana Endowment for the Humanities
and
Prime Time Family Reading

October 31, 2021

TABLE OF CONTENTS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

October 31, 2021 and 2020

TABLE OF CONTENTS (Continued)

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

October 31, 2021 and 2020

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Louisiana Endowment for the Humanities and
Prime Time Family Reading,
New Orleans, Louisiana.

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Louisiana Endowment for the Humanities and and Prime Time Family Reading (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of October 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

34 LOUIS PRIMA, SUITE B, COVINGTON, LA 70433-5903 • 985•246•3022
P.O. BOX 2168 • HOUMA, LA 70361-2168 • 985•868•0139
P.O. BOX 60600 • NEW ORLEANS, LA 70160-0600 • 504•831•4949 • BOURGEOISBENNETT.COM

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Endowment for the Humanities and Prime Time Family Reading as of October 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.

Report on Summarized Comparative Information

We have previously audited the Organization's October 31, 2020 consolidated financial statements, and our report dated April 26, 2021 expressed an unmodified opinion, on those consolidated financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended October 31, 2020, is consistent, in all material respects, with the 2020 audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information (Schedule 1) is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer (Schedule 2) 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 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Requirements by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2022, on our consideration of the Organization'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 with 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 the Organization's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
April 25, 2022.

Exhibit A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

October 31, 2021
(with comparative totals for 2020)

ASSETS

	2021	2020
Assets		
Cash and cash equivalents	$ 2,003,721	$ 1,427,636
Accounts receivable	66,072	103,205
Government grants receivable	53,164	179,020
Unconditional promises to give, net	310,865	712,428
Inventory	13,085	13,115
Investments	4,476,749	3,471,720
Prepaid expense	101,726	108,430
Property and equipment, net	6,948,258	3,775,683
Art collections	354,335	350,418
Total assets	$14,327,975	$10,141,655

LIABILITIES AND NET ASSETS

	2021	2020
Liabilities		
Accounts payable and accrued liabilities	$ 1,701,569	$ 521,556
Deposits	8,500	8,050
Unearned revenue	156,238	-
Total liabilities	1,866,307	529,606
Net Assets		
Without donor restrictions:		
General	6,450,697	4,497,085
Building	1,120,240	1,451,743
With donor restrictions	4,890,731	3,663,221
Total net assets	12,461,668	9,612,049
Total liabilities and net assets	$14,327,975	$10,141,655

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2021
(with comparative totals for 2020)

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Totals	2020 Totals
Support and Revenues				
Support:				
Contributions and other grants	$2,203,407	$ 414,887	$ 2,618,294	$2,385,319
National Endowment for the Humanities Grants	-	2,253,005	2,253,005	1,121,341
DHH Head Start Grant	-	14,411,963	14,411,963	6,221,235
USDA Grant	-	275,163	275,163	274,172
State of Louisiana Capital Outlay Grant	-	358,773	358,773	-
Paycheck Protection Program loan forgiveness	-	-	-	786,900
Other	33,050	-	33,050	50,132
Revenue:				
Investment income, net	921,137	96,098	1,017,235	148,349
Building income	173,762	-	173,762	185,956
Program income	166,535	-	166,535	186,213
Net assets released from restrictions	16,582,379	(16,582,379)	-	-
Total support and revenues	20,080,270	1,227,510	21,307,780	11,359,617
Expenses				
Program expenses:				
Head Start	13,346,050	-	13,346,050	5,577,048
Louisiana Humanities Center	505,265	-	505,265	758,175
Education	888,264	-	888,264	955,850
Content	1,484,875	-	1,484,875	1,379,677
General and administrative	1,936,836	-	1,936,836	1,489,710
Fundraising	296,871	-	296,871	236,053
Total expenses	18,458,161	-	18,458,161	10,396,513
Change in Net Assets	1,622,109	1,227,510	2,849,619	963,104
Net Assets				
Beginning of year	5,948,828	3,663,221	9,612,049	8,648,945
End of year	$7,570,937	$ 4,890,731	$12,461,668	$9,612,049

See notes to consolidated financial statements.

Exhibit C

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2021
(with comparative totals for 2020)

	2021								
	Program								
	Head Start	Louisiana Humanities Center	Education	Content	Total Program	General and Administrative	Fundraising	Totals	2020 Totals
Expenses									
Salaries and benefits	$ 8,106,934	$113,706	$327,737	$ 394,110	$ 8,942,487	$1,136,413	$231,582	$10,310,482	$ 4,909,616
Other operating expense	2,443,464	93,439	35,216	24,284	2,596,403	445,426	6,230	3,048,059	1,889,785
Consultants expense	984,275	42,421	202,439	45,423	1,274,558	220,362	36,452	1,531,372	1,435,035
Supplies and materials expense	733,144	1,422	267,730	42,330	1,044,626	32,599	2,128	1,079,353	462,266
Regrants	-	-	-	896,167	896,167	-	-	896,167	691,671
Building expense	377,231	115,078	55,000	-	547,309	1,336	-	548,645	330,837
Equipment expense	410,067	41,144	-	1,556	452,767	54,749	10,867	518,383	322,037
Depreciation	185,906	97,923	-	-	283,829	167	-	283,996	181,626
Travel expense	77,167	-	142	1,232	78,541	35,137	500	114,178	63,571
Printing expense	2,693	-	-	79,023	81,716	-	8,881	90,597	76,236
Meetings and events	25,169	132	-	750	26,051	10,647	231	36,929	33,833
Total expenses	$13,346,050	$505,265	$888,264	$1,484,875	$16,224,454	$1,936,836	$296,871	$18,458,161	$10,396,513

See notes to consolidated financial statements.

Exhibit D

CONSOLIDATED STATEMENT OF CASH FLOWS

Louisiana Endowment for the Humanities and Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2021
(with comparative totals for 2020)

	2021	2020
Cash Flows From Operating Activities		
Change in net assets	$2,849,619	$ 963,104
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized and realized gains on investments	(956,145)	(71,050)
Loss on disposal of property and equipment	-	52,902
Depreciation	283,996	181,626
Forgiveness of Paycheck Protection Program loan	-	(786,900)
Donation of property and equipment	(517,000)	-
Changes in assets and liabilities:		
Decrease in accounts receivable	37,133	8,024
Decrease in government grant receivable	125,856	219,518
Decrease in unconditional promises to give	401,563	167,748
Decrease in inventory	30	430
(Increase) decrease in prepaid expense	6,704	(54,174)
(Increase) decrease in art collections	(3,917)	(16,712)
Increase (decrease) in accounts payable and accrued liabilities	870,856	(281,856)
Increase (decrease) in deposits	450	(5,574)
Increase (decrease) in unearned revenue	156,238	(16,909)
Net cash provided by operating activities	3,255,383	360,177
Cash Flows From Investing Activities		
Purchases of property and equipment	(2,630,414)	(915,385)
Purchases of investments securities	(1,194,569)	(3,038,068)
Proceeds from sale of investments	1,145,685	2,977,122
Net cash used in investing activities	(2,679,298)	(976,331)

	2021	2020
Cash Flows From Financing Activities		
Proceeds from Paycheck Protection Program loan	-	786,900
Net Increase in Cash and Cash Equivalents	576,085	170,746
Cash and Cash Equivalents		
Beginning of year	1,427,636	1,256,890
End of year	$2,003,721	$1,427,636
Supplemental Disclosure of Noncash Investing and Financing Activities		
Property and equipment purchases included in accounts payable	$ 309,157	$ -

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

October 31, 2021 and 2020

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The Louisiana Endowment for the Humanities is a non-profit corporation organized for the purpose of maintaining a state-based program in the humanities in the State of Louisiana on behalf of its citizens in accordance with the regulations and guidelines established by the United States Congress and the National Endowment for the Humanities.

Prime Time Family Reading is a non-profit corporation organized for the purpose of establishing and maintaining a family literacy and reading program in the humanities called Prime Time in the State of Louisiana and in other states of the United States.

b. Consolidation Policy

The consolidated financial statements include the accounts of Louisiana Endowment for the Humanities and Prime Time Family Reading. They are consolidated by virtue of common control. These companies are collectively referred to as the "Organization". All significant intercompany transactions have been eliminated in consolidation.

c. Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Use of Estimates

The preparation of consolidated 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 of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e. Financial Statement Presentation

The Organization classified its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Support, revenue, and expenses for the general operation of the Organization.

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

f. Cash and Cash Equivalents

For the purpose of the Consolidated Statements of Cash Flows, the Organization classifies as cash and cash equivalents all highly liquid debt instruments with an initial maturity of three months or less.

g. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual receivable balances. As of October 31, 2021 and 2020, no such allowance was deemed necessary.

h. Inventory

Inventory is stated at the lower of cost or net realizable value using the first in, first out method. The inventory balance was $13,085 and $13,115 as of October 31, 2021 and 2020, respectively.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Promises to Give

Unconditional promises to give are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were no conditional promises to give as of October 31, 2021 and 2020.

Unconditional promises are recorded net of an allowance for uncollectible amounts estimated by the management of the Organization. There was no allowance for potentially uncollectible promises to give as of October 31, 2021 and 2020.

j. Investments

Investments in exchange traded funds, equity funds, and bond funds are reported at their fair values in the Consolidated Statements of Financial Position.

Pooled accounts managed by the Greater New Orleans Foundation and the Community Foundation Northwest Louisiana Pooled Investment Fund are reported at fair market value, including any pro rata gains and losses.

Unrealized gains and losses are recorded as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or law. Interest earned on donor restricted investments is reported based on the existence or absence of donor-imposed restrictions. Realized gains and losses on the sales of securities are determined using the specific-identification method. A decline in the fair value of investments below cost that is deemed to be other than temporary, results in a charge to the change in net assets and the establishment of a new basis for the new investment.

k. Property and Equipment

The Organization's policy is to capitalize all property, furniture, and equipment with an acquisition cost in excess of $5,000. Property and equipment are recorded at cost. Donated property is recorded at its fair market value at the date of donation. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Property and Equipment (Continued)

The range of estimated useful lives by type of property and equipment is as follows:

	Years
Buildings	39
Building improvements	5 - 39
Furniture, fixtures, and equipment	5 - 10

l. Art Collections

The Organization maintains a collection of art consisting primarily of the work of John T. Scott. The Organization does not record depreciation on its collection because the economic benefit or service potential of the collection has been determined to be indefinite.

m. Revenue and Revenue Recognition

The Organization recognizes contributions when cash, investments, other assets, unconditional promises to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized as revenue until the conditions on which they depend have been substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Consolidated Statements of Financial Position. No amounts have been received in advance from Federal and state contracts and grants. The Organization received cost-reimbursable grants of $234,837 and $1,201,715 that have not been recognized as of October 31, 2021 and 2020 because qualifying expenditures have not yet been incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by donors are reported as increases in net assets with donor 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 Consolidated Statements of Activities as net assets released from restrictions.

o. Recently Issued Accounting Standards

Fair Value Measurement

In August 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-13, "*Fair Value Measurement* (Topic 820): *Disclosure Framework-Changes to Disclosure Requirements for Fair Value Measurement*". ASU No. 2018-13 eliminates certain fair value disclosure requirements and adds or modifies other requirements. The Organization's adoption of ASU No. 2018-13 effective November 1, 2020, had no material impact on the Organization's financial statements and disclosures.

Leases

In February 2016, the FASB issued ASU No. 2016-02, "*Leases*" (Topic 842). ASU No. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Recently Issued Accounting Standards (Continued)

Lease Discount Rate

In November 2021, The FASB issued ASU No. 2021-09, "*Lease Discount Rate for Lessees That Are Not Public Business Entities*" (Topic 842) 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 are required to adopt the amendments in this update at the same time that they adopt Topic 842.

Contributed Nonfinancial 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 amendments in this update apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes property and equipment (such as land, buildings, and equipment), use of property and equipment or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for fiscal years beginning after June 15, 2022. The Organization is currently evaluating the effect that the adoption of this standard will have on its financial statements.

p. Tax Matters

The Louisiana Endowment for the Humanities and Prime Time Family Reading are organized under the laws of the State of Louisiana and are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, and qualify as organizations that are not private foundations as defined in Section 509(a) of the Code.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Tax Matters (Continued)

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require 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 October 31, 2021, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the consolidated financial statements. Tax years ended October 31, 2018 and later remain subject to examination by the taxing authorities.

q. Functional Allocation of Expenses

Most of the expenses can be directly allocated to programs or supporting functions. The financial statements also report certain categories of expenses that are attributable to both programs and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll and consultants expenses which were allocated based on estimates of time and effort. Also, equipment, building, supplies and materials, other operating expenses, and depreciation expenses are based on an estimate of square footage of program building space and administration building space.

r. Reclassifications

Certain amounts in the 2020 consolidated financial statements have been reclassified to conform to the 2021 consolidated financial statement presentation.

Note 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts at several financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to $250,000. The Organization also has cash equivalent accounts with a brokerage firm. The Securities Investor Protection Corporation insures these accounts up to $250,000. There was approximately $1,110,000 in uninsured or non-guaranteed cash and cash equivalent balances as of October 31, 2021.

Note 3 - ACCOUNTS RECEIVABLE

The accounts receivable as of October 31, 2021 and 2020 are as follows:

	2021	2020
Prime Time Reading Program contracts	$ 45,100	$ 31,500
Building receivables	11,534	1,386
Communications	9,438	52,095
Other	-	18,224
Total accounts receivable, net	$ 66,072	$103,205

Note 4 - GOVERNMENT GRANTS RECEIVABLE

The government grants receivable as of October 31, 2021 and 2020 are as follows:

	2021	2020
Child and Adult Care Food Program	$53,164	$ 1,823
National Endowment for the Humanities	-	177,197
Total grants receivable, net	$53,164	$179,020

Note 5 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give as of October 31, 2021 and 2020 consist of the following:

	2021	2020
Kellogg Family Foundation	$145,354	$290,708
Helis Foundation	50,000	200,000
Baptist Community Ministries	41,326	148,774
BHP Billiton	64,423	64,323
Other	10,000	20,000
	311,103	723,805
Less:		
Allowance for uncollectible receivables	-	-
Discounts to net present value	(238)	(11,377)
Total accounts receivable, net	$310,865	$712,428
Receivable in less than one year	$306,341	$523,451
Receivable in one to five years	4,762	200,354
Totals	$311,103	$723,805

Note 5 - UNCONDITIONAL PROMISES TO GIVE (Continued)

Promises to give are reported at their present value using a discount rate of approximately 5% as of October 31, 2021 and 2020.

Note 6 - INVESTMENTS

Investments as of October 31, 2021 and 2020 are comprised of the following:

	2021		
	Cost	Fair Market Value	Excess of Market Over Cost
Equity funds	$ 1,067,428	$ 1,602,812	$ 535,384
Exchange traded funds	924,473	1,444,569	520,096
Bond funds	968,261	973,542	5,281
Individual investment securities managed by a financial institution	2,960,162	4,020,923	1,060,761
Community Foundation Northwest Louisiana Pooled Investment Fund	217,146	385,257	168,111
Greater New Orleans Foundation Pooled Investment Fund	43,332	70,569	27,237
Totals	$ 3,220,640	$ 4,476,749	$1,256,109

	2020		
	Cost	Fair Market Value	Excess of Market Over Cost
Equity funds	$ 1,080,932	$ 1,205,521	$ 124,589
Exchange traded funds	938,001	1,048,710	110,709
Bond funds	823,306	842,733	19,427
Individual investment securities managed by a financial institution	2,842,239	3,096,964	254,725
Community Foundation Northwest Louisiana Pooled Investment Fund	215,466	314,236	98,770
Greater New Orleans Foundation Pooled Investment Fund	42,849	60,520	17,671
Totals	$ 3,100,554	$ 3,471,720	$ 371,166

Note 6 - INVESTMENTS (Continued)

	2021		
	Cost	Market	Excess of Market Over Cost
Balances, October 31, 2021	$3,220,640	$ 4,476,749	$1,256,109
Balances, October 31, 2020	$3,100,554	$ 3,471,720	371,166
Increase in unrealized appreciation			884,943
Net realized gain			71,202
Interest and dividend income			83,108
Investment expense			(22,018)
Total investment income, net			$1,017,235

	2020		
	Cost	Market	Excess of Market Over Cost
Balances, October 31, 2020	$3,100,554	$ 3,471,720	$ 371,166
Balances, October 31, 2019	$3,070,209	$ 3,339,724	269,515
Increase in unrealized appreciation			101,651
Net realized loss			(30,601)
Interest and dividend income			95,595
Investment expense			(18,296)
Total investment income, net			$ 148,349

Note 7 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification Topic 820, Fair Value Measurements are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other mean.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

- *Mutual Funds (Equity Funds and Bond Funds)*: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

- *Exchange Traded Funds*: Valued at the daily closing price as reported by the fund. Funds held by the Organization are with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The funds held by the Organization are deemed to be actively traded. These are included in Level 1 of the fair value hierarchy.

- *Investment Pools*: Valued using the NAV as reported by the custodians. The NAV are determined based on the fair value of the underlying investments. The custodians of these portfolios use independent pricing services, where available, to value the securities included in the portfolios. If an independent pricing service does not value a security or the value is not, in the view of the custodian, representative of the market value, the custodians will attempt to obtain a price quote from a secondary pricing source, which may include third party brokers, investment advisors, and the principal market makers or affiliated pricing services. If a secondary source is unable to provide a price, the custodian may obtain a quotation from the counterparty that sold the security. The investment pools are included in Level 3 of the fair value hierarchy.

These methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value on a recurring basis as of October 31, 2021 and 2020 are comprised of and determined as follows:

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

	2021			
	Based on			
Description	Total Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Equity funds:				
Foreign large growth	$ 1,001,482	$ 1,001,482	$ -	$ -
Small growth	404,071	404,071	-	-
Infrastructure	197,259	197,259	-	-
Exchange traded funds:				
Growth	622,379	622,379	-	-
Value	618,803	618,803	-	-
Real estate fund	203,387	203,387	-	-
Bond funds:				
Intermediate bond	585,534	585,534	-	-
Non-traditional bond	388,008	388,008	-	-
Pooled investment funds	455,826	-	-	455,826
Total investments	$ 4,476,749	$ 4,020,923	$ -	$ 455,826

	2020			
	Based on			
Description	Total Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Equity funds:				
Foreign large growth	$ 772,404	$ 772,404	$ -	$ -
Small growth	298,874	298,874	-	-
Infrastructure	134,243	134,243	-	-
Exchange traded funds:				
Growth	461,049	461,049	-	-
Value	458,119	458,119	-	-
Real estate fund	129,542	129,542	-	-
Bond funds:				
Intermediate bond	506,162	506,162	-	-
Non-traditional bond	336,571	336,571	-	-
Pooled investment funds	374,756	-	-	374,756
Total investments	$ 3,471,720	$ 3,096,964	$ -	$ 374,756

Note 7 - FAIR VALUE MEASUREMENTS (Continued)

The following provides a summary of changes in fair value of the Organization's Level 3 assets for the year ended October 31, 2021:

	Pooled Investment Accounts
October 31, 2019	$386,137
Investment income, net	3,719
Distributions	(15,100)
Level 3 assets, October 31, 2020	374,756
Investment income, net	96,098
Distributions	(15,028)
Level 3 assets, October 31, 2021	$455,826

As of October 31, 2021 and 2020, there were no assets measured at fair value on a non-recurring basis.

Note 8 - PROPERTY, BUILDING, AND EQUIPMENT

Property, building, and equipment as of October 31, 2021 and 2020 consists of the following:

	2021	2020
Land	$ 769,649	$ 769,649
Building	2,082,900	2,082,900
Leasehold improvements	2,529,811	1,881,366
Furniture and equipment	1,073,638	556,638
Construction in progress	2,451,339	160,213
	8,907,337	5,450,766
Less accumulated depreciation	(1,959,079)	(1,675,083)
Property and equipment, net	$ 6,948,258	$ 3,775,683

Depreciation expense totaled $283,996 and $181,626 for the years ended October 31, 2021 and 2020, respectively.

Note 9 - COMPENSATED ABSENCES AND ACCRUED EMPLOYEE BENEFITS

Certain full time employees are entitled to paid time off depending on length of service and other factors. Accrued paid time off included in accounts payable and accrued liabilities was $78,047 and $2,411 as of October 31, 2021 and 2020, respectively.

Note 10 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of October 31, 2021 and 2020 were available for the following purposes:

	2021	2020
DHH Head Start	$ 2,507,023	$ 1,081,888
Restricted Capital Campaign contributions	904,077	534,827
Humanitarian and Education Programming	611,836	1,266,709
National Endowment for the Humanities:		
Education Programming	232,742	340,347
Operations	179,227	64,694
Donor restricted endowment funds	343,250	343,250
Earnings - endowment fund	112,576	31,506
Totals	$ 4,890,731	$ 3,663,221

During the years ended October 31, 2021 and 2020, net assets released from donor restrictions by incurring expenses satisfying the restricted purposes are as follows:

	2021	2020
DHH Head Start	$ 12,986,827	$ 5,472,991
National Endowment for the Humanities:		
Education Programming	87,526	30,921
Operations	2,158,552	1,056,647
Humanitarian and Education Programming	984,918	812,466
USDA Child and Adult Care Food Program	275,163	274,172
Other	-	110,000
Earnings - endowment fund	15,028	15,099
Capital Campaign	74,365	7,218
Totals	$ 16,582,379	$ 7,779,514

Note 11 - ENDOWMENT

Management is of the belief that they have a strong fiduciary duty to manage the assets of the Organization's endowments in the most prudent manner possible. Management recognizes that the intent of the endowment is to protect the donor with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in net assets without donor restrictions.

The Endowment. The endowment consists of two individual funds, established for the purposes of fulfilling the Organization's mission and accomplishing its goals. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law. The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as expressly requiring the preservation of the historical dollar value for donor restricted endowment funds absent explicit donor stipulations to the contrary.

The following are classified as restricted net assets in the accompanying financial statements:

- the original value of gifts donated to the endowment;
- the original value of subsequent gifts to the endowment; and
- accumulations to the endowment that are required to be held in perpetuity.

The remaining portion of the donor-restricted endowment fund that is not classified as restricted net assets is classified as net assets without restrictions. Amounts are appropriated for expenditure by the Organization in a manner consistent with the language of SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of the Organization and the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of the Organization; and
- the investment policies of the Organization.

Note 11 - ENDOWMENT (Continued)

Net endowment assets as of October 31, 2021 and 2020 consist of the following:

	2021		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Earnings - endowment fund	$ -	$112,576	$112,576
Donor restricted endowment funds	-	343,250	343,250
Totals	$ -	$455,826	$455,826

	2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Earnings - endowment fund	$ -	$ 31,506	$ 31,506
Donor restricted endowment funds	-	343,250	343,250
Totals	$ -	$374,756	$374,756

Changes in endowment funds net assets for the years ended October 31, 2021 and 2020 are as follows:

	October 31, 2021		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Endowment net assets, beginning of the year	$ -	$ 374,756	$ 374,756
Investment income, net	-	96,098	96,098
Distributions	-	(15,028)	(15,028)
Endowment net assets, end of the year	$ -	$ 455,826	$ 455,826

Note 11 - ENDOWMENT (Continued)

	October 31, 2020		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Endowment net assets, beginning of the year	$ -	$ 386,137	$ 386,137
Investment income, net	-	3,718	3,718
Distributions	-	(15,099)	(15,099)
Endowment net assets, end of the year	$ -	$ 374,756	$ 374,756

Underwater Endowment Funds. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of restricted contributions. There were no such deficiencies in restricted net assets as of October 31, 2021 and 2020.

Return Objectives and Risk Parameters. The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Under the investment policy, endowment assets are invested in pooled investment accounts.

Strategies Employed for Achieving Objectives. Because the Organization seeks to maintain the endowment assets in perpetuity, and because the pooled investment accounts are held and maintained by established Foundations, management has elected to follow the general investment strategies of the Foundations which maintain the pooled investments.

Spending Policy and How Investment Objectives Relate to the Spending Policy. Management's policy for appropriating funds for annual expenditures is to distribute only earnings on endowed assets following the individual spending and distribution policies of the Foundation which maintains the pooled investment. Management has determined that the policies of the Foundations are consistent with the management's long-term objective to preserve the real purchasing power of the principal and provide a stable source of perpetual financial support.

Note 12 - IN-KIND DONATIONS

The Organization records the value of in-kind donations when the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which would typically need to be purchased if not provided by donation.

The fair value of in-kind support and the corresponding expenses for the years ended October 31, 2021 and 2020 are as follows:

	2021	2020
Rent	$ 1,215,531	$ 530,000
Property	517,000	-
Professional services	259,871	381,711
Equipment	15,363	6,311
Totals	$ 2,007,765	$ 918,022

Note 13 - PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

On May 7, 2020, the Organization received a $786,900 loan under the Paycheck Protection Program (PPP) of the U.S. Small Business Administration (SBA). Interest on the loan was 1%. This loan was repaid during the year ended October 31, 2021 and all expenditures paid from the loan proceeds were approved as eligible for loan forgiveness under the requirements of the PPP program. The Organization recorded the balance as revenue during the year ended October 31, 2020.

Note 14 - RETIREMENT PLAN

The Organization sponsors a defined contribution plan covering all employees 21 years or older. The participant becomes fully vested after five years. The Organization decides the profit sharing contribution, if any, to contribute each year to the individual retirement accounts for eligible employees based on a percentage of annual compensation. There was no profit sharing contributions for the years ended October 31, 2021 and 2020. For the years ended October 31, 2021 and 2020, there was a matching contribution of employee elective deferrals up to 4%. Contributions to the plan for the years ended October 31, 2021 and 2020 totaled $147,242 and $84,346, respectively.

Note 15 - AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by contributions and grants. The Organization is also supported by program income, building income, and investment income. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. 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 become due. The Organization has established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

The following reflects the Organization's financial assets as of October 31, 2021 and 2020, reduced by amounts not available for general use because of donor-imposed restrictions.

	2021	2020
Financial assets:		
Cash and cash equivalents	$2,003,721	$1,427,636
Accounts receivable	66,072	103,205
Government grants receivable	53,164	179,020
Unconditional promises to give	310,865	712,428
Investments	4,476,749	3,471,720
Total financial assets as of October 31, 2021	6,910,571	5,894,009
Less amounts unavailable for general expenditures, due to:		
Donor imposed restrictions:		
Restricted by donors with purpose restrictions, net of restricted property and equipment of $2,507,023 and $1,081,888 as of October 31, 2021 and 2020, respectively	(2,040,458)	(2,238,083)
Endowment assets held in perpetuity	(343,250)	(343,250)
Unconditional net of discount promises to give - noncurrent	(4,524)	(188,977)
Total amounts unavailable for general expenditures	(2,388,232)	(2,770,310)
Financial assets available to meet cash needs for general expenditures	$4,522,339	$3,123,699

Note 16 - COMMITMENTS

The Organization entered into a five year contract commencing September 1, 2016, with a third party to perform functions associated with recruitment, teacher coaching and mentoring, health, family services, mental health and disabilities, and monitoring for Head Start programs in Monroe, Louisiana. The contract is estimated to cost approximately $1,330,000 for the first year and approximately $1,300,000 for each following year. The Organization incurred $838,390 and $930,063 in contract expenses for the years ended October 31, 2021 and 2020, respectively.

The Organization entered into a contract related to meal preparation for the students in Monroe, Louisiana. The contract expired July 31, 2019 and was renewed through July 31, 2020. The contract was subsequently renewed through September 30, 2021. The contracts call for a fixed amount per meal provided. The Organization incurred costs of $269,822 and $248,240 associated with these contracts during the years ended October 31, 2021 and 2020, respectively.

Note 17 - LEASE AGREEMENTS

The Organization has the following lease agreements as of the year ended October 31, 2021:

Lease Description	Lesor	Date Lease Commenced	Monthly Payment or Range of Payments	Lease Expiration	Terms of Lease
Building Space	Housing Authority of City of Monroe	October 2016	$-	July 31, 2022	Monthly payment of $500 for maintenance.
Building Space	Ouachita Parish School Board	March 2017	$-	July 31 2022	Responsible for paying all repair and maintenance expenses.
Building Space	Monroe City School Board	June 2017	$-	June 30, 2022	Responsible for paying all repair and maintenance expenses.
Building Space	Local Church	October 2018	$5,000	September 30, 2020	
Copier Equipment	Leasing Company	October 2019	$112- $353	October 2022 - April 2024	
Two Modular Buildings	Leasing Company	March 2020	$5,170-$5,179	July 31, 2022	
Building Space	Iberia Parish School District	December 2020	$-	October 31, 2025	Monthly payment of $2,000 for administration.
Building Space	Non-Profit Organization	March 2021	$-	October 31, 2025	Responsible for paying all repair and maintenance expenses.
Building Space	Local Church	March 2021	$8,210	February 28, 2023	
Building Space	Rental Company	May 2021	$995	April 30, 2022	

Note 17 - LEASE AGREEMENTS (Continued)

Total lease expense was $1,520,175 and $617,513 (including $1,215,531 and $530,000 of in-kind rent) for the years ended October 31, 2021 and 2020, respectively. Lease expense is reported in other operating expenses on the Consolidated Statement of Functional Expenses. See Note 12 for in-kind donations.

Future rental payments as of October 31, 2021 are as follows:

Year Ending October 31,	
2022	$ 206,245
2023	38,593
2024	2,118
Total	$ 246,956

Note 18 - RENTAL INCOME UNDER OPERATING LEASES

The Organization maintains agreements to lease portions of its New Orleans office building. These lease terms range from $275 to $4,855 per month, and expire through May 1, 2022. The future minimum rentals under these non-cancelable operating leases as of October 31, 2021 are as follows:

Year Ending October 31,	
2022	$26,636
2023	18,876
Total	$45,512

For the years ended October 31, 2021 and 2020, income from these leases totaled $173,762 and $185,956, respectively.

Note 19 - RELATED PARTY

During the years ended October 31, 2021 and 2020, a related party provided business consulting and accounting preparation services to the Organization. The Organization incurred expenses of $99,692 and $143,791 during the years ended October 31, 2021 and 2020, respectively, for these services.

Note 20 - ECONOMIC DEPENDENCY

The Organization receives a substantial portion of its revenue from grants provided by the National Endowment for the Humanities (NEH) and the Department of Health and Human Services (DHHS). The grant amounts are appropriated each year by the federal government. If significant budget cuts are made at the federal level, the amount of the funds the Organization receives could be reduced significantly and have an adverse impact on its operations. Approximately 79% and 64% of the support was received from the NEH and the DHHS for both the years ended October 31, 2021 and 2020, respectively.

Note 21 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that effect the consolidated financial statements. Subsequent events have been evaluated through April 25, 2022, which is the date the consolidated financial statement were available to be issued.

Note 22 - COMMITMENTS ON CONSTRUCTION CONTRACTS

The Organization has contracts with construction companies of approximately $2,125,000 for building improvements of which approximately $1,900,000 has been completed as of October 31, 2021.

SUPPLEMENTAL INFORMATION

CONSOLIDATING SCHEDULE OF SUPPORT, REVENUE, AND EXPENSES

Louisiana Endowment for the Humanities
and
Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2021

	Louisiana Endowment For The Humanities	Prime Time Family Reading	Totals
Support and Revenues			
Government grants	$ 2,391,137	$14,907,767	$17,298,904
Contributions, and other grants	536,983	2,081,311	2,618,294
Other	33,050	-	33,050
Investment income, net	1,017,235	-	1,017,235
Building income	173,762	-	173,762
Program income	166,535	-	166,535
Total support and revenues	4,318,702	16,989,078	21,307,780
Expenses			
Salaries and benefits	2,328,805	7,981,677	10,310,482
Other operating expense	249,164	2,798,895	3,048,059
Consultants expense	552,548	978,824	1,531,372
Regrants	896,167	-	896,167
Supplies and materials expense	249,418	829,935	1,079,353
Building expense	170,517	378,128	548,645
Equipment expense	108,951	409,432	518,383
Depreciation	98,090	185,906	283,996
Printing expense	87,904	2,693	90,597
Travel expense	50,553	63,625	114,178
Meetings and events	14,310	22,619	36,929
Allocated expenses	(1,206,641)	1,206,641	-
Total expenses	3,599,786	14,858,375	18,458,161
Change in net assets	718,916	2,130,703	2,849,619
Net Assets			
Beginning of year	7,651,714	1,960,335	9,612,049
End of year	$ 8,370,630	$ 4,091,038	$12,461,668

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

Louisiana Endowment for the Humanities and Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2021

Agency Head Name: Miranda Restovic, President/Executive Director

Purpose	
Salary	$0
Benefits - insurance	0
Benefits - retirement	0
Benefits - other	0
Car allowance	0
Vehicle provided by government	0
Per diem	0
Reimbursements	0
Travel	4,390
Registration fees	0
Conference travel	0
Continuing professional education fees	0
Housing	0
Unvouchered expenses	0
Special meals	0
	$4,390 *

* None of the President/Executive Director's salary, benefits, and other compensation is paid through public funding, except for travel.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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,
Louisiana Endowment for the Humanities and
Prime Time Family Reading,
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 consolidated financial statements of Louisiana Endowment for the Humanities and Prime Time Family Reading (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of October 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 25, 2022.

Internal Control Over Financial Reporting

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

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

34 LOUIS PRIMA, SUITE B, COVINGTON, LA 70433-5903 • 985•246•3022
P.O. BOX 2168 • HOUMA, LA 70361-2168 • 985•868•0139
P.O. BOX 60600 • NEW ORLEANS, LA 70160-0600 • 504•831•4949 • BOURGEOISBENNETT.COM

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 the Organization's consolidated 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 consolidated 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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
April 25, 2022.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors,
Louisiana Endowment for the Humanities and
Prime Time Family Reading,
New Orleans, Louisiana.

Report on Compliance for Each Major Federal Program

We have audited the compliance of Louisiana Endowment for the Humanities and Prime Time Family Reading (the "Organization") (a nonprofit organization), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended October 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs 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.

34 LOUIS PRIMA, SUITE B, COVINGTON, LA 70433-5903 • 985•246•3022
P.O. BOX 2168 • HOUMA, LA 70361-2168 • 985•868•0139
P.O. BOX 60600 • NEW ORLEANS, LA 70160-0600 • 504•831•4949 • BOURGEOISBENNETT.COM

An audit includes examining, on a test basis, evidence about the Organization'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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2021.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements referred to above. In planning and performing our audit, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing our opinion on compliance 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 the Organization's internal control over compliance.

A deficiency in internal control over compliance 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 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 combination of control 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana.
April 25, 2022.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2021

Federal Grantor/Program Title	Grant Number	Federal CFDA Number	Federal Expenditures	Subrecipient Costs
National Endowment for the Humanities				
Promotion of the Humanities - Challenge Grants	ZH-252963-17	45.130	$ 96,652	$ -
Promotion of the Humanities - Federal/State Partnership	SO-268680-20	45.129	1,317,562	826,967
CARES Act Funding	SO-268680-20	45.129	7,475	-
Humanities Councils American Rescue Plan Funding	ZSO-283132-21	45.129	707,328	-
PRIME TIME: Bringing Humanities Based Education Home CARES Act Funding	AH-274439-20	45.162	220,640	-
			2,349,657	826,967
U.S. Department of Agriculture				
Pass-through Programs From: Louisiana Department of Education:				
Child and Adult Care Food Program	623997843	10.558	275,163	-
U.S. Department of Health and Human Services				
Head Start Grant	06CH011822	93.600	8,274,062	-
Head Start Grant	06CH010448	93.600	4,906,244	-
Head Start Grant - American Rescue Plan	06HE001334	93.600	1,299,009	-
			14,479,315	-
Total expenditures of federal awards			$17,104,135	$826,967

See accompanying notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2021

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Louisiana Endowment for the Humanities and Prime Time Family Reading (the "Organization"). The Organization's reporting entity is defined in Note 1 to the financial statements for the year ended October 31, 2021. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

b. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Organization's financial statements for the year ended October 31, 2021. The Organization has elected to use the 10% *de minimus* indirect cost rate as allowed under Uniform Guidance.

Note 2 - HEAD START GRANT WAIVER

Management has requested budget revisions related to the Head Start Grant (06CH011822 and 06CH010448) in anticipation of the Organization not being able to provide the full 20% non-federal share match as required by federal award guidelines. In such cases where the non-federal share match is not met, a grantee can request a waiver. While management fully expects to receive authorization, as of the issuance of this report, an official approval of the waiver request has not been received as of the report date.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2021

Section I - Summary of Auditor's Results

a) Financial Statements

Type of report issued on the consolidated financial statements: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes _X_ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ____ Yes _X_ None reported

Noncompliance material to consolidated financial statements noted? ____ Yes _X_ No

b) Federal Awards

Internal controls over major programs:

- Material weakness(es) identified? ____ Yes _X_ No
- Significant deficiency(ies) identified that are not considered to be a material weakness? ____ Yes _X_ No

Type of auditor's report issued on compliance for major programs: unmodified

- Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ____ Yes _X_ No

Section I - Summary of Auditor's Results (Continued)

c) Identification of Major Programs:

CFDA Number	Name of Federal Program
93.600	U.S. Department of Health and Human Services Head Start Grant

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as a low-risk auditee? _X_ Yes ____ No

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Consolidated Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the consolidated financial statements for the year ended October 31, 2021.

No significant deficiencies were reported during the audit of the consolidated financial statements for the year ended October 31, 2021.

Compliance and Other Matters

There were no compliance findings material to the consolidated financial statements reported during the audit for the year ended October 31, 2021.

Section III - Federal Award Findings and Questioned Costs

Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the consolidated financial statements for the year ended October 31, 2021 related to internal control and compliance material to federal awards.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading
New Orleans, Louisiana

For the year ended October 31, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Consolidated Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the consolidated financial statements for the year ended October 31, 2020.

No significant deficiencies were reported during the audit of the consolidated financial statements for the year ended October 31, 2020.

Compliance and Other Matters

There were no compliance findings material to the consolidated financial statements reported during the audit for the year ended October 31, 2020.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the consolidated financial statements for the year ended October 31, 2020 related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended October 31, 2020.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Louisiana Endowment for the Humanities
and
Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2021

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Consolidated Financial Statements

Internal Control Over Financial Reporting

No material weaknesses were reported during the audit of the consolidated financial statements for the year ended October 31, 2021.

No significant deficiencies were reported during the audit of the consolidated financial statements for the year ended October 31, 2021.

Compliance and Other Matters

There were no compliance findings material to the consolidated financial statements reported during the audit for the year ended October 31, 2021.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the consolidated financial statements for the year ended October 31, 2021, related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended October 31, 2021.