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**YOUNG AUDIENCES CHARTER ASSOCIATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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**CONSOLIDATED FINANCIAL STATEMENTS**

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## TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1
<u>CONSOLIDATED FINANCIAL STATEMENTS</u>	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	7
<u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</u>	8
<u>SUPPLEMENTAL INFORMATION</u>	
Consolidating Statement of Financial Position	19
Consolidating Statement of Activities	20
Schedule of Compensation, Benefits, and Other Payments to Agency Head	21
<u>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</u>	22

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors for  
Young Audiences Charter Association  
Gretna, Louisiana

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

We have audited the accompanying consolidated financial statements of Young Audiences Charter Association (a nonprofit organization) (the Organization) which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Consolidated 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.

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

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

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 auditors' 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 auditors consider internal control relevant to the Organization'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 Organization'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 consolidated financial statements.

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

***Opinion***

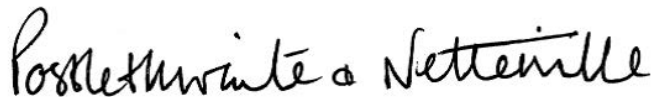
In our opinion, the consolidated financial statements referred to on the previous page present fairly, in all material respects, the consolidated financial position of Young Audiences Charter Association as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities, and schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are 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 Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Metairie, Louisiana  
October 29, 2021

**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

**ASSETS**

	2021	2020
<b><u>CURRENT ASSETS</u></b>		
Cash	\$ 5,603,492	\$ 4,285,013
Cash restricted for student activities	43,231	43,396
Federal grants receivable	623,469	167,915
Accounts receivable	-	30,679
Due from related party	37,134	-
Prepaid expenses	88,142	99,254
Total current assets	6,395,468	4,626,257
<b><u>NONCURRENT ASSETS</u></b>		
Property and equipment, net	25,878,978	20,176,437
Cash restricted for construction and debt service	2,453,726	6,771,091
Prepaid expenses	-	34,006
Deposits	21,737	21,775
Total noncurrent assets	28,354,441	27,003,309
Total assets	\$ 34,749,909	\$ 31,629,566

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>		
Accounts payable	\$ 988,147	\$ 1,918,312
Due to related party	237,904	437,188
Accrued expenses	532,232	405,900
Bonds payable, net	145,000	-
Total current liabilities	1,903,283	2,761,400
<b><u>NONCURRENT LIABILITIES</u></b>		
Bonds payable, net	25,081,701	25,157,237
Interest payable	312,245	312,245
Total noncurrent liabilities	25,393,946	25,469,482
Total liabilities	27,297,229	28,230,882
<b><u>NET ASSETS</u></b>		
Without donor restrictions	7,362,201	3,334,268
With donor restrictions	90,479	64,416
Total net assets	7,452,680	3,398,684
Total liabilities and net assets	\$ 34,749,909	\$ 31,629,566

The accompanying notes are an integral part of these consolidated financial statements.

**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<b>2021</b>			<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues and support:</b>						
State public school funds	\$ 15,108,860	\$ -	\$ 15,108,860	\$ 11,254,823	\$ -	\$ 11,254,823
Federal grants - food services	530,295	-	530,295	720,532	-	720,532
Federal grant - Title I	338,494	-	338,494	281,935	-	281,935
Federal grants - Education Stabilization Fund	892,649	-	892,649	-	-	-
Donations and contributions	64,564	47,248	111,812	50,966	21,020	71,986
Other revenue	3,447,681	-	3,447,681	44,966	20,058	65,024
Rental income	219,295	-	219,295	111,052	-	111,052
Paycheck Protection Program income	-	-	-	1,088,392	-	1,088,392
Net assets released from restrictions	21,185	(21,185)	-	15,184	(15,184)	-
Total revenues and other support	<u>20,623,023</u>	<u>26,063</u>	<u>20,649,086</u>	<u>13,567,850</u>	<u>25,894</u>	<u>13,593,744</u>
<b>Expenses:</b>						
Program services	9,811,257	-	9,811,257	7,363,817	-	7,363,817
Supporting services:						
Management and general	6,783,833	-	6,783,833	4,059,573	-	4,059,573
Total expenses	<u>16,595,090</u>	<u>-</u>	<u>16,595,090</u>	<u>11,423,390</u>	<u>-</u>	<u>11,423,390</u>
Change in net assets	4,027,933	26,063	4,053,996	2,144,460	25,894	2,170,354
<b><u>NET ASSETS AT BEGINNING OF YEAR</u></b>	<u>3,334,268</u>	<u>64,416</u>	<u>3,398,684</u>	<u>1,189,808</u>	<u>38,522</u>	<u>1,228,330</u>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<u>\$ 7,362,201</u>	<u>\$ 90,479</u>	<u>\$ 7,452,680</u>	<u>\$ 3,334,268</u>	<u>\$ 64,416</u>	<u>\$ 3,398,684</u>

The accompanying notes are an integral part of these consolidated financial statements.

**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021		
	Program Services	Supporting Services	Total
	Instructional	Management and General	
Salaries	\$ 5,302,085	\$ 1,288,633	\$ 6,590,718
Professional purchased services	1,069,149	769,046	1,838,195
Employee benefits	1,072,146	227,606	1,299,752
Transportation services	-	720,260	720,260
Food service	-	428,180	428,180
Materials and supplies	705,594	318,879	1,024,473
Other expenses	124,649	364,655	489,304
Purchased property services	39,915	799,621	839,536
Textbooks, books, workbooks, periodicals	326,388	-	326,388
Insurance	189,568	81,243	270,811
Utilities	128,605	55,117	183,722
Depreciation expense	488,650	209,421	698,071
Amortization expense	58,643	25,133	83,776
Other purchased services	2,040	94,092	96,132
Equipment	303,825	135,622	439,447
Interest expense	-	1,266,325	1,266,325
	<u>\$ 9,811,257</u>	<u>\$ 6,783,833</u>	<u>\$ 16,595,090</u>

(continued)

The accompanying notes are an integral part of these financial statements.



**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2020		
	Program Services	Supporting Services	
	Instructional	Management and General	Total
Salaries	\$ 4,367,945	\$ 946,931	\$ 5,314,876
Professional purchased services	1,045,675	614,087	1,659,762
Employee benefits	892,987	158,695	1,051,682
Transportation services	-	708,335	708,335
Food service	5,037	619,785	624,822
Materials and supplies	475,941	156,917	632,858
Other expenses	42,610	297,155	339,765
Purchased property services	72,602	355,372	427,974
Textbooks, books, workbooks, periodicals	155,688	-	155,688
Insurance	93,710	40,162	133,872
Utilities	95,096	40,755	135,851
Amortization expense	58,643	25,132	83,775
Depreciation expense	57,665	24,714	82,379
Other purchased services	199	59,620	59,819
Equipment	19	10,737	10,756
Interest expense	-	1,176	1,176
	<u>\$ 7,363,817</u>	<u>\$ 4,059,573</u>	<u>\$ 11,423,390</u>

The accompanying notes are an integral part of these financial statements.

**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 4,053,996	\$ 2,170,354
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	698,071	82,379
Amortization of bond issuance costs	83,776	83,775
Amortization of bond premium	(14,312)	(14,312)
Gain on sale of historic tax credits	(3,407,199)	-
Changes in operating assets and liabilities:		
Prepaid expenses	45,118	45,396
Federal grants receivable	(455,554)	(51,438)
Accounts receivable	30,679	(15,795)
Due from related party	(37,134)	-
Deposits	38	(2,216)
Accounts payable	149,640	221,410
Due to related party	(199,284)	44,298
Accrued expenses	126,332	44,128
Property taxes payable	-	(26,309)
Interest payable	-	270,612
Net cash provided by operating activities	1,074,167	2,852,282
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Purchases of property and equipment	(7,480,417)	(13,552,948)
Net cash used in investing activities	(7,480,417)	(13,552,948)
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Payments on bond issuance costs	-	(4,744)
Proceeds from sale of historic tax credits	3,407,199	-
Net cash provided by (used in) financing activities	3,407,199	(4,744)
Net decrease in cash	(2,999,051)	(10,705,410)
Cash, beginning of year	11,099,500	21,804,910
Cash, end of year	\$ 8,100,449	\$ 11,099,500
<b><u>RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION</u></b>		
Cash	\$ 5,603,492	\$ 4,285,013
Cash restricted for student activities	43,231	43,396
Cash restricted for construction	2,453,726	6,771,091
Total cash and restricted cash	\$ 8,100,449	\$ 11,099,500
<b><u>DISCLOSURE OF SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES</u></b>		
Cash paid during the year for interest	\$ 1,257,663	\$ -
Change in accounts payable related to property and equipment	\$ 1,079,805	\$ 1,451,905
Net capitalized interest in construction in progress	\$ 182,991	\$ 1,059,980

The accompanying notes are an integral part of these consolidated financial statements.

## YOUNG AUDIENCES CHARTER ASSOCIATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Summary of Significant Accounting Policies

##### Organization

Young Audiences Charter Association (YACA), a nonprofit organization, was incorporated in 2013 for the purpose of operating a charter school located in Gretna, Louisiana. YACA was created to provide a rigorous learning environment where students achieve academically, develop intellectual curiosity, and practice environmental responsibility while integrating arts education and quality after-school programs.

YACA's initial school year began in August 2013. The Jefferson Parish Public School System (JPPSS) granted YACA a Type 1 charter to operate Young Audiences Charter School (YACS); YACA is a component unit of JPPSS. YACA has full responsibility for its finances and operations. YACA operated as a K-10 and K-9 charter school for the years ended June 30, 2021 and 2020, respectively. YACA will be adding grades 11 through 12 over the next two school years. YACA had an average student enrollment of 1,422 and 1,172 for the years ended June 30, 2021 and 2020, respectively.

The financial statements of YACA are consolidated with the financial statements of Friends of Young Audiences Charter Association (Friends), collectively referred to as the "Organization". All material intercompany account balances and transactions have been eliminated.

Friends, a Type II supporting organization under Internal Revenue Code 509(a)(3), was formed in 2018 primarily to raise capital and issue bonds for construction of a new school building for YACA.

##### Basis of Accounting and Presentation of Net Assets

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.

*Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

## YOUNG AUDIENCES CHARTER ASSOCIATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### **1. Summary of Significant Accounting Policies (continued)**

##### Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

##### Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with original maturities of three months or less, which are neither held for or restricted by donors for long-term purposes, to be cash equivalents. The Organization held no cash equivalents at June 30, 2021 and 2020, respectively

Cash consists of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts received from individual donors or entities who state the specific use of the contribution is for student activities and proceeds from a bond issuance which stated the specific use of the proceeds was for construction.

##### Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. The Organization provides for probable uncollectable amounts through a provision to bad debt expense and adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts or grants receivable. As of June 30, 2021 and 2020, management did not deem any receivables to be uncollectable; therefore, no allowance was recorded.

##### Prepaid Expenses

Prepaid expenses include health insurance premiums and payments made to vendors for services that will benefit periods beyond June 30, 2021 and 2020.

##### Deposits

Deposits are assets related to the Vanguard Modular leased buildings. The Organization will be refunded the deposits once the lease term has expired (see Note 5).

# YOUNG AUDIENCES CHARTER ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### **1. Summary of Significant Accounting Policies (continued)**

#### Property and Equipment

Property and equipment is capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment are recorded at fair market value as of the date received. The Organization capitalizes property and equipment with values over \$5,000 per item. Land and construction-in-progress are not considered depreciable assets.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Machinery and equipment	3-5 years
Building, building improvements, and leasehold improvements	5-35 years or the lease term, whichever is shorter

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021 and 2020.

#### Income Taxes

YACA and Friends are not-for-profit corporations organized under the laws of the State of Louisiana. They are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code), and qualify as organizations that are not private foundations as defined in Section 509(a) of the Code.

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income, if any; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the consolidated financial statements.

## YOUNG AUDIENCES CHARTER ASSOCIATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### **1. Summary of Significant Accounting Policies (continued)**

##### Revenue and Revenue Recognition

Revenues from federal and state grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has met the performance requirements and/or incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. The Organization recognized as revenue all funds related to these grants during the years ended June 30, 2021 and 2020.

The Organization recognizes non-federal grants and contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with measureable performance or other barriers and right of return (or release) – are not recognized until the conditions on which they depend have been substantially met. The Organization did not have any conditional promises to give at June 30, 2021 and 2020.

Rental income is recognized as the rent becomes due. Rental payments received in advance are deferred until earned. All leases between the Organization and the tenants of the property are operating leases.

##### Contributed Services

The value of contributed services is recorded, at fair value, as revenues and support and expense in the period received, provided there is an objective basis for measurement of the value of such services and they are significant, require specialized skills and form an integral part of the Organization's efforts. The Organization did not recognize donated services during the years ended June 30, 2021 and 2020.

In addition, the Organization receives services donated by parents and community members in carrying out the Organization's mission. The value of these services is not recognized in the accompanying consolidated financial statements as they do not meet the criteria for recognition under U.S. GAAP.

##### Functional Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The majority of expenses have been specifically identified with a program or supporting service. Certain costs have been allocated among the programs and supporting services benefited using appropriate methodologies. Salaries and employee benefits have been allocated based on time and effort. Insurance, utilities, and depreciation expenses have been allocated based on square footage.

# YOUNG AUDIENCES CHARTER ASSOCIATION

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### **1. Summary of Significant Accounting Policies (continued)**

#### Recently Adopted Accounting Standards

As of July 1, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, using the modified retrospective method of adoption. The Organization elected to use the transition option that allows an organization to apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment (if any) to the opening balance of net assets in the year of adoption. Comparable periods continue to be presented under the guidance of the previous standard. Topic 842 requires lessees to recognize a lease liability and right-of-use asset on the balance sheet for operating leases. For lessors, the new accounting model remains largely the same, although some changes have been made to align it with the new lessee model and the new revenue recognition guidance, ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Organization's adoption of Topic 842 did not result in any adjustments to net assets or changes in the timing or amounts of lease costs.

#### Accounting Pronouncements Issued but Not Yet in Effect

On September 17, 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. 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 requires the new standard be applied retrospectively, with amendments taking effect for the Organization's fiscal year ending June 30, 2022.

The Organization is currently assessing the impact, if any, of this accounting pronouncement on the consolidated financial statements.

### **2. Liquidity and Availability**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments.

The Organization receives the majority of its revenue from the State of Louisiana Minimum Foundation Program Funding and from various federal and state grants passed through JPPSS. The grant amounts are appropriated each year by the federal and state governments.

The Organization manages its available cash to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance long-term commitments will continue to be met, ensuring the sustainability of the Organization.

**YOUNG AUDIENCES CHARTER ASSOCIATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**2. Liquidity and Availability (continued)**

The following presents the Organization's financial assets and those available to meet general expenditures within one year at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 8,100,449	\$ 11,099,500
Federal grants receivable	623,469	167,915
Accounts receivable	-	30,679
Due from related party	37,134	-
Total financial assets	<u>8,761,052</u>	<u>11,298,094</u>
Less amounts not available to be used within one year		
Cash from bond issuance restricted for construction and debt service	2,453,726	6,771,091
Cash restricted for student activities	43,231	43,396
	<u>2,496,957</u>	<u>6,814,487</u>
Financial assets available for general expenditures within one year	<u>\$ 6,264,095</u>	<u>\$ 4,483,607</u>

**3. Property and Equipment**

Property and equipment is summarized as follows at June 30:

	<u>2021</u>	<u>2020</u>
Building	\$ 24,679,121	\$ 1,955,777
Building improvements	196,402	196,402
Leasehold improvements	118,387	118,387
Construction-in-progress	-	16,322,732
Machinery and equipment	38,310	38,310
Land	1,891,176	1,891,176
	<u>26,923,396</u>	<u>20,522,784</u>
Less accumulated depreciation	(1,044,418)	(346,347)
Property and equipment, net	<u>\$ 25,878,978</u>	<u>\$ 20,176,437</u>

Construction-in-progress consists of building costs incurred by the Organization to renovate a new school building, located in Gretna, Louisiana. Land consists of land purchased during the year ended June 30, 2019 to serve as the site of the new school building. The building was completed and placed in service in August 2020.

Included in accounts payable on the consolidated statements of financial position was approximately \$370,000 and \$1,450,000 of construction-related liabilities as of June 30, 2021 and 2020, respectively.



## YOUNG AUDIENCES CHARTER ASSOCIATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### **4. Net assets with Donor Restrictions**

As of June 30, 2021, net assets with donor restrictions included \$43,231 restricted for student activities and \$47,248 with other purpose restrictions. As of June 30, 2020, net assets with donor restrictions included \$43,396 restricted for student activities and \$21,020 with other purpose restrictions.

Cash restricted for student activity fees is maintained in a separate bank account.

#### **5. Operating Leases**

The Organization entered into an operating lease agreement with the JPPSS for the use of Kate Middleton Elementary School located in Gretna, Louisiana as its school facilities at a rate of \$107 per student per year for the years ended June 30, 2021 and 2020, to compensate the lessor for the cost of providing property and casualty insurance on the leased premises. The current term of the lease commenced on July 1, 2018 and expires on June 30, 2023. The Organization is responsible for the payment of utilities, janitorial, sanitation, and disposal services. The Organization paid \$54,763 and \$79,853 for the years ended June 30, 2021 and 2020, respectively. Future minimum commitments are based on the Organization's estimate of student enrollment.

In July 2020, the Organization entered into a lease agreement for the use of a copy machine. The lease has a term of 63 months with monthly payments of \$3,595.

In addition, the Organization entered into an operating lease agreement on May 5, 2016, with a leasing company for the use of a modular building. The commencement date on this lease was July 5, 2016, and had an initial term of 24 months; the lease has been extended, most recently on September 30, 2020 through May 29, 2021, and then again on May 30, 2021 through May 29, 2022, with monthly payments of \$3,634. The Organization recognized \$42,340 and \$42,882 in rent expense related to this lease for the years ended June 30, 2021 and 2020, respectively

Future minimum commitments under the operating lease agreements are estimated to be as follows:

2022	\$	144,345
2023		104,371
2024		104,371
2025		104,371
2026		75,610
Total	<u>\$</u>	<u>533,068</u>

In June 2019, Friends entered into a five-year lease agreement to rent building space to a third party at a rate of \$9,254 per month with annual increases of 3%. The space subject to this lease is included within Buildings in Note 3.

**YOUNG AUDIENCES CHARTER ASSOCIATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**6. Bonds Payable**

Outstanding bonds consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
LPFA Revenue Bonds (Young Audiences Charter School Project) Series 2019A, interest at 5.0%, payable semi-annually, principal installments due beginning April 1, 2023 through April 1, 2027	\$ 24,980,000	\$ 24,980,000
LPFA Revenue Bonds (Young Audiences Charter School Project) Series 2019, interest at 5.5%, payable semi-annually, principal installments due beginning April 1, 2022 through April 1, 2023	<u>315,000</u>	<u>315,000</u>
	25,295,000	25,295,000
Unamortized premium on bonds	515,225	529,537
Unamortized issuance costs	<u>(583,524)</u>	<u>(667,300)</u>
	<u>\$ 25,226,701</u>	<u>\$ 25,157,237</u>

*Louisiana Public Facilities Authority Revenue Bonds Series 2019*

On June 18, 2019, the Organization issued \$24,980,000 of Louisiana Public Facilities Authority Revenue Bonds Series 2019A and \$315,000 of Louisiana Public Facilities Authority Revenue Bonds Series 2019B (Series 2019). The proceeds of the bonds were used for the purpose of obtaining and constructing a new campus for the YACA.

The principal obligations on indebtedness will mature as follows for the years ending June 30:

2022	\$ 145,000
2023	280,000
2024	290,000
2025	305,000
2026	320,000
Thereafter	<u>23,955,000</u>
Total	<u>\$ 25,295,000</u>

The bonds are secured by funds of Friends and are subject to certain reporting and financial covenants. Management believes that the Organization is in compliance with all covenants as of June 30, 2021.

## YOUNG AUDIENCES CHARTER ASSOCIATION

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### **7. Retirement Plan**

Employees of YACA may participate in an employer sponsored retirement plan. Eligible employees may elect to contribute a portion of their salaries to the plan. YACA's matching contribution to the Plan is 100% of the participant's contributions not to exceed 5% of the participant's compensation. YACA made contributions to the plan of \$47,502 and \$44,189 for the years ended June 30, 2021 and 2020, respectively.

#### **8. Concentrations and Credit Risk**

The Organization receives its support primarily from JPPSS as a flow through from the Louisiana State Department of Education and the United States Department of Education. For the years ended June 30, 2021 and 2020, the Organization received approximately 73% and 83%, respectively, of its total revenue from state public school funds. For the years ended June 30, 2021 and 2020, 100% of students resided in Jefferson Parish, Louisiana in accordance with the enrollment eligibility requirements set forth in the Organization's charter.

The Organization has concentrated its credit risk for cash by maintaining deposits in national financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

#### **9. Contingencies and Commitments**

The continuation of the Organization is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the JPPSS. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the Governor or by any means provided in the appropriations act to prevent the appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

The Organization participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2021 and 2020 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and the Organization.

**YOUNG AUDIENCES CHARTER ASSOCIATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**10. Federal Grants Receivable**

Federal grants receivable is comprised of the following balances for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Title I	\$ 51,749	\$ 139,933
Medicaid	-	4,060
Child Nutrition	85,917	23,922
CARES/ESSER	485,803	-
Total federal grants receivable	<u>\$ 623,469</u>	<u>\$ 167,915</u>

**11. Related Parties Transactions**

The Organization had amounts payable to an affiliate, Young Audience of Louisiana (YALA). The total amount recorded as due to related party for the years ended June 30, 2021 and 2020 on the accompanying consolidated statements of financial position was \$237,904 and \$437,188, respectively. YALA provided services that were primarily for arts and culture education programs, along with management oversight and staff training. For those services, the Organization paid YALA \$1,624,865 and \$1,442,810 for the years ended June 30, 2021 and 2020, respectively. Amounts payable to YALA are noninterest bearing and have no specified repayment terms; however, the Organization has classified amounts payable as current because management expects to pay these amounts within the next year. The Organization had amounts receivable from YALA totaling \$37,134 and \$0 at June 30, 2021 and 2020, respectively, included as due from related party on the accompanying consolidated statements of financial position.

**12. State Tax Credit for Qualified Rehabilitation of Historic Structure**

In January 2021, the Louisiana Division of Historic Preservation certified \$19,584,244 of rehabilitation expenditures incurred by the Organization on the construction of their new campus in Gretna, Louisiana. Under R.S. 47:6019, the Organization is eligible to receive twenty percent (20%) of total eligible rehabilitation expenditures through the Louisiana Department of Revenue (LDR), upon confirmation of the certified amount of the tax credit by the LDR.

Final certifications were submitted to the LDR in January 2021 for confirmation of the amount of tax credits earned. The LDR granted the Organization tax incentives related to the credits in the amount of \$3,916,321 based on approved qualified rehabilitation expenditures of \$19,581,6fo04.

Additionally, in 2019, the Organization entered into an agreement with an investor to sell its interest in the earned historic tax credits. The historic tax credits were sold in April 2021 in the amount of \$3,407,199. Proceeds from the sale are recorded as other revenue in the consolidated statements of activities for the year ended June 30, 2021. The entire amount was received in cash prior to June 30, 2021.

**YOUNG AUDIENCES CHARTER ASSOCIATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**13. Paycheck Protection Program**

During the year ended June 30, 2020, the Organization applied for and was approved for a \$1,088,392 loan under the Paycheck Protection Program and administered by the Small Business Administration as part of the relief efforts related to COVID-19. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization recognized the loan as an unconditional contribution, which was recorded in the consolidated statements of activities for the year ended June 30, 2020, having met the conditions for forgiveness by incurring eligible expenditures. The loan was fully forgiven in September 2021.

**14. Subsequent Events**

The Orleans Parish School Board authorized YACA to operate Lawrence D. Crocker, a Type 1 charter school, for a period of five years, effective July 1, 2021, and expiring on June 30, 2026.

In August 2021, the YACS building suffered significant damage from Hurricane Ida. The Organization is currently in the process of assessing the costs to repair the building.

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, October 29, 2021, and determined that other than the matters above, there were no other events that require additional disclosure. No events after this date have been evaluated for inclusion in the consolidated financial statements.

**SUPPLEMENTAL INFORMATION**

**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

**ASSETS**

	<u>YACA</u>	<u>Friends</u>	<u>Eliminations</u>	<u>Total</u>
<b><u>CURRENT ASSETS</u></b>				
Cash and cash equivalents	\$ 5,533,126	\$ 70,366	\$ -	\$ 5,603,492
Cash restricted for student activities	43,231	-	-	43,231
Federal grants receivable	623,469	-	-	623,469
Accounts receivable	114,383	91,894	(206,277)	-
Due from related party	27,602	9,532	-	37,134
Prepaid expenses	88,142	-	-	88,142
	<u>6,429,953</u>	<u>171,792</u>	<u>(206,277)</u>	<u>6,395,468</u>
<b><u>NONCURRENT ASSETS</u></b>				
Property and equipment, net	18,921	25,860,057	-	25,878,978
Cash restricted for construction and debt service	69,445	2,453,726	(69,445)	2,453,726
Deposits	19,559	2,178	-	21,737
	<u>107,925</u>	<u>28,315,961</u>	<u>(69,445)</u>	<u>28,354,441</u>
Total assets	<u>\$ 6,537,878</u>	<u>\$ 28,487,753</u>	<u>\$ (275,722)</u>	<u>\$ 34,749,909</u>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES</u></b>				
Accounts payable	\$ 707,393	\$ 487,031	\$ (206,277)	\$ 988,147
Due to related party	214,366	92,983	(69,445)	237,904
Accrued expenses	532,232	-	-	532,232
Bonds payable, net	-	145,000.00	-	145,000
	<u>1,453,991</u>	<u>725,014</u>	<u>(275,722)</u>	<u>1,903,283</u>
<b><u>NONCURRENT LIABILITIES</u></b>				
Bonds payable, net	-	25,081,701	-	25,081,701
Interest payable	-	312,245	-	312,245
	<u>-</u>	<u>25,393,946</u>	<u>-</u>	<u>25,393,946</u>
Total liabilities	<u>1,453,991</u>	<u>26,118,960</u>	<u>(275,722)</u>	<u>27,297,229</u>
<b><u>NET ASSETS</u></b>				
Without donor restrictions	4,993,408	2,368,793	-	7,362,201
With donor restrictions	90,479	-	-	90,479
	<u>5,083,887</u>	<u>2,368,793</u>	<u>-</u>	<u>7,452,680</u>
Total liabilities and net assets	<u>\$ 6,537,878</u>	<u>\$ 28,487,753</u>	<u>\$ (275,722)</u>	<u>\$ 34,749,909</u>

See accompanying independent auditors' report.

**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**

	<u>YACA</u>		<u>Friends</u>		<u>Eliminations</u>	<u>Total</u>
	<u>Without Donor Restictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restictions</u>			
<b>Revenues and support:</b>						
State public school funds	\$ 15,108,860	\$ -	\$ -	\$ -	\$ -	\$ 15,108,860
Federal grants - food services	530,295	-	-	-	-	530,295
Federal grant - Title I	338,494	-	-	-	-	338,494
Federal grants - Education Stabilization Fund	892,649	-	-	-	-	892,649
Donations and contributions	64,564	47,248	-	-	-	111,812
Other revenue	26,173	-	3,421,508	-	-	3,447,681
Rental income	114,383	-	1,090,906	(985,994)	-	219,295
Paycheck Protection Program income	-	-	-	-	-	-
Net assets released from restrictions	21,185	(21,185)	-	-	-	-
	<u>17,096,603</u>	<u>26,063</u>	<u>4,512,414</u>	<u>(985,994)</u>	<u>-</u>	<u>20,649,086</u>
<b>Total revenues and other support</b>						
	17,096,603	26,063	4,512,414	(985,994)	-	20,649,086
<b>Expenses:</b>						
Program services	9,811,257	-	-	-	-	9,811,257
Supporting services:						
Management and general	5,628,356	-	2,141,471	(985,994)	-	6,783,833
	<u>15,439,613</u>	<u>-</u>	<u>2,141,471</u>	<u>(985,994)</u>	<u>-</u>	<u>16,595,090</u>
<b>Total expenses</b>						
	15,439,613	-	2,141,471	(985,994)	-	16,595,090
Change in net assets	1,656,990	26,063	2,370,943	-	-	4,053,996
<b><u>NET ASSETS AT BEGINNING OF YEAR</u></b>	<u>3,336,418</u>	<u>64,416</u>	<u>(2,150)</u>	<u>-</u>	<u>-</u>	<u>3,398,684</u>
<b><u>NET ASSETS AT END OF YEAR</u></b>	<u>\$ 4,993,408</u>	<u>\$ 90,479</u>	<u>\$ 2,368,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,452,680</u>

See accompanying independent auditors' report.



**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**SCHEDULE OF COMPENSATION, BENEFITS,**  
**AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Agency Head Name: Brandon House, School Leader

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 116,200
Benefits - FICA & Medicare	8,835
Benefits - long-term disability	1,221
Benefits - health insurance	670
Benefits - life insurance	36
	<u>\$ 126,962</u>

See accompanying independent auditors' report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors for  
Young Audiences Charter Association  
Gretna, 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 Young Audiences Charter Association (the Organization) which comprise the consolidated statement of financial position as of June 30, 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 October 29, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing the 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.

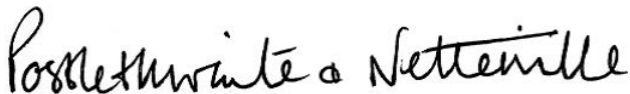
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 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 and compliance. Accordingly, this communication is not suitable for any other purpose.



Metairie, Louisiana  
October 29, 2021

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**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**REPORTS ON COMPLIANCE AND INTERNAL CONTROL**  
**REQUIRED BY UNIFORM GUIDANCE**

**JUNE 30, 2021**

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**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**REPORTS ON COMPLIANCE AND INTERNAL CONTROL**  
**REQUIRED BY UNIFORM GUIDANCE**

**JUNE 30, 2021**

## TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</u>	1
<u>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	4
<u>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	5
<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u>	6



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*A Professional Accounting Corporation*

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

To the Board of Directors for  
Young Audiences Charter Association

**Report on Compliance for Major Federal Program**

We have audited Young Audiences Charter Association's (a nonprofit organization) (the Organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2021. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.



### **Opinion on 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 its major federal program for the year ended June 30, 2021.

### **Report on Internal Control over Compliance**

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

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

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

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





**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of the Organization as of and for the year ended June 30, 2021, and have issued our report thereon dated October 29, 2021, which contained an unmodified opinion on those consolidated financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Postlethwaite & Netterville*

Metairie, Louisiana  
May 31, 2022

**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass- Through Grantor	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<b><u>United States Department Agriculture</u></b>			
Passed through the Louisiana Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	Unknown	\$ 140,586
National School Lunch Program	10.555	Unknown	389,709
Total Child Nutrition Cluster			530,295
<b>Total United States Department of Agriculture</b>			530,295
<b><u>United States Department of Education</u></b>			
Passed through the Jefferson Parish Public School System:			
Title I Grants to Local Education Agencies (LEAs)	84.010	Unknown	338,494
Education Stabilization Fund - COVID-19			
CARES - GEERF	84.425C	Unknown	33,402
CARES - ESSER Formula	84.425D	Unknown	859,247
Total Education Stabilization Fund			892,649
Total Jefferson Parish Public School System			1,231,143
<b>Total United States Department of Education</b>			1,231,143
<b>Total Expenditures of Federal Awards</b>			\$ 1,761,438

See the accompanying notes to the schedule of expenditures of federal awards.

**YOUNG AUDIENCES CHARTER SCHOOL**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2021**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Young Audiences Charter Association (the Organization) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization. The Organization's reporting entity is defined in Note 1 to the consolidated financial statements for the year ended June 30, 2021.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Organization's consolidated financial statements for the year ended June 30, 2021. Such expenditures are recognized following the cost principles contained in accordance with the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented, or used in the preparation of, the basic consolidated financial statements.

3. Relationship to Consolidated financial statements

Federal revenues of \$1,761,438 are included in the Statement of Activities.

4. De Minimis Cost Rate

During the year ended June 30, 2021, the Organization did not elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance.

5. Amounts Passed Through to Subrecipients

The Organization did not pass through any federal funding to subrecipients.

**YOUNG AUDIENCES CHARTER ASSOCIATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2021**

**(1) Summary of Independent Auditors' Results**

*Consolidated financial statements*

The type of report issued on the consolidated financial statements: Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None noted

Noncompliance material to the consolidated financial statements noted? No

*Federal Awards*

Internal controls over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? None noted

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

Any audit findings which are required to be reported under the Uniform Guidance? No

Identification of major program:

Education Stabilization Fund: Assistance Listing Number: 84.425C and 84.425D

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

Auditee qualified as a low-risk auditee under Section 530 of The Uniform Guidance: No

**YOUNG AUDIENCES CHARTER ASSOCIATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2021**

**(2) Findings Relating to the Consolidated financial statements Reported in Accordance with *Government Auditing Standards*:**

None noted

**(3) Findings and Questioned Costs relating to Federal Awards:**

None noted.

**No Schedule of Prior Year Findings and Questioned Costs is presented as there were no audit findings and questioned costs in the prior year.**

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**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**PERFORMANCE AND STATISTICAL DATA**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**PERFORMANCE AND STATISTICAL DATA**  
**FOR THE YEAR ENDED JUNE 30, 2021**

## **TABLE OF CONTENTS**

	<b><u>PAGE</u></b>
Independent Accountants' Report	1
Description of Schedules	4
Prescribed Schedules	5





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*A Professional Accounting Corporation*

**Independent Accountants' Report**  
**On Applying Agreed-Upon Procedures**

To the Board of Directors of Young Audiences Charter Association, the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data of the Young Audiences Charter Association (YACA) for the fiscal year ended June 30, 2021; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of YACA is responsible for its performance and statistical data.

YACA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

**General Fund Instructional and Support Expenditures**  
**and Certain Local Revenue Sources (Schedule 1)**

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures,
  - Total General Fund Equipment Expenditures,
  - Total Local Taxation Revenue (no revenue reported),
  - Total Local Earnings on Investment in Real Property (no revenue reported),
  - Total State Revenue in Lieu of Taxes (no revenue reported),
  - Nonpublic Textbook Revenue (no revenue reported), and
  - Nonpublic Transportation Revenue (no revenue reported).

**We noted no exceptions.**

Class Size Characteristics (Schedule 2)

- We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2020, roll books for those classes and observed that the class was properly classified on the schedule.

**Of the 10 classes selected, we noted the following discrepancies in 7 classes between the roll book counts and the number of students reported for the class.**

<b>Number of Students Reported</b>	<b>Roll Book Counts</b>	<b>Difference</b>
9	8	1
28	20	8
23	22	1
27	25	2
31	27	4
30	29	1
31	30	1

Education Levels/Experience of Public School Staff (NO SCHEDULE)

- We obtained October 1, 2020, PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

**We noted no exceptions.**

Public School Staff Data: Average Salaries (NO SCHEDULE)

- We obtained June 30, 2021, PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

**We noted no exceptions.**



We were engaged by YACA to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of YACA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of YACA, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Postlethwaite & Netterville*

Metairie, Louisiana  
May 31, 2022

**YOUNG AUDIENCES CHARTER ASSOCIATION**  
**GRETN, LOUISIANA**

**Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)**  
**As of and for the Year Ended June 30, 2021**

**Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

**Schedule 2 – Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

**Schedule 1: Young Audiences Charter Association**  
**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**  
**For the Year Ended June 30, 2021**

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 3,993,804	
Other Instructional Staff Activities	266,616	
Employee Benefits	1,014,158	
Purchased Professional and Technical Services	949,651	
Instructional Materials and Supplies	855,751	
Instructional Equipment	<u>(174,168)</u>	
Total Teacher and Student Interaction Activities		6,905,812

Other Instructional Activities		<u>-</u>
		6,905,812

Pupil Support Activities	370,428	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		370,428

Instructional Staff Services	98,948	
Less: Equipment for instructional staff services	<u>-</u>	
Net Instructional Staff Services		98,948

School Administration	2,069,694	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		2,069,694

Total General Fund Instructional Expenditures		<u><u>\$ 9,444,882</u></u>
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Total General Fund Equipment Expenditures		<u><u>\$ 174,168</u></u>
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**Certain Local Revenue Sources**

*Not Applicable*

**Schedule 2: Class Size Characteristics  
As of October 1, 2020**

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0%	-	0%	-	0%	-	0%	-
Elementary Activity Classes		-	0%	-	0%	-	0%	-
Middle/Junior High	0%	-	0%	-	0%	-	0%	-
Middle/Junior High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	32%	22	24%	16	40%	27	4%	3
High Activity Classes	73%	11	0%	-	27%	4	0%	-
Combination	28%	92	28%	94	37%	124	7%	23
Combination Activity Classes	39%	37	39%	37	15%	14	7%	6

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.