
YOUNG AUDIENCES CHARTER ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020

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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 statement of financial position as of June 30, 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 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 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 above present fairly, in all material respects, the consolidated financial position of Young Audiences Charter Association as of June 30, 2020, and the changes in its net assets and its cash flows for the year 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.

Prior Period Consolidated Financial Statements

The consolidated financial statements of the Organization as of and for the year ended June 30, 2019, were audited by other auditors whose report dated November 15, 2019, expressed an unmodified opinion on those consolidated financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2020, 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 19, 2020

YOUNG AUDIENCES CHARTER ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
<u>CURRENT ASSETS</u>		
Cash	\$ 4,285,013	\$ 1,746,453
Cash restricted for student activities	43,396	33,522
Federal grants receivable	167,915	116,477
Accounts receivable	30,679	14,884
Prepaid expenses	99,254	110,644
Total current assets	4,626,257	2,021,980
<u>NONCURRENT ASSETS</u>		
Property and equipment, net	20,176,437	5,253,963
Cash restricted for construction and debt service	6,771,091	20,024,935
Prepaid expenses	34,006	68,012
Deposits	21,775	19,559
Total noncurrent assets	27,003,309	25,366,469
Total assets	\$ 31,629,566	\$ 27,388,449

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 1,918,312	\$ 244,997
Due to related party	437,188	392,890
Accrued expenses	405,900	361,772
Property tax payable	-	26,309
Total current liabilities	2,761,400	1,025,968
<u>NONCURRENT LIABILITIES</u>		
Bonds payable, net	25,157,237	25,092,518
Interest payable	312,245	41,633
Total noncurrent liabilities	25,469,482	25,134,151
Total liabilities	28,230,882	26,160,119
<u>NET ASSETS</u>		
Without donor restrictions	3,334,268	1,189,808
With donor restrictions	64,416	38,522
Total net assets	3,398,684	1,228,330
Total liabilities and net assets	\$ 31,629,566	\$ 27,388,449

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

YOUNG AUDIENCES CHARTER ASSOCIATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
State public school funds	\$ 11,254,823	\$ -	\$ 11,254,823	\$ 8,682,078	\$ -	\$ 8,682,078
Federal grants - food services	720,532	-	720,532	544,557	-	544,557
Federal grant - Title I	281,935	-	281,935	244,775	5,000	249,775
Donations and contributions	50,966	21,020	71,986	43,185	-	43,185
Other revenue	44,966	20,058	65,024	66,544	38,245	104,789
Rental income	111,052	-	111,052	-	-	-
Paycheck Protection Program income	1,088,392	-	1,088,392	-	-	-
Net assets released from restrictions	15,184	(15,184)	-	25,873	(25,873)	-
Total revenues and other support	13,567,850	25,894	13,593,744	9,607,012	17,372	9,624,384
Expenses:						
Program services	7,363,817	-	7,363,817	6,308,144	-	6,308,144
Supporting services:						
Management and general	4,059,573	-	4,059,573	3,417,029	-	3,417,029
Total expenses	11,423,390	-	11,423,390	9,725,173	-	9,725,173
Change in net assets	2,144,460	25,894	2,170,354	(118,161)	17,372	(100,789)
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>1,189,808</u>	<u>38,522</u>	<u>1,228,330</u>	<u>1,307,969</u>	<u>21,150</u>	<u>1,329,119</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<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>

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, 2020 AND 2019

	2020		
	Program Services	Supporting Services	Total
	Instructional	Management and General	
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
Total expenses	\$ 7,363,817	\$ 4,059,573	\$ 11,423,390

(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, 2020 AND 2019

	2019		
	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
	<u>Instructional</u>	<u>Management and General</u>	
Salaries	\$ 3,558,798	\$ 819,647	\$ 4,378,445
Professional purchased services	1,184,321	513,976	1,698,297
Employee benefits	712,080	138,368	850,448
Transportation services	-	686,552	686,552
Food service	7,868	546,724	554,592
Materials and supplies	275,060	97,434	372,494
Other expenses	115,171	188,543	303,714
Purchased property services	60,796	237,223	298,019
Textbooks, books, workbooks, periodicals	116,277	-	116,277
Insurance	80,895	34,669	115,564
Utilities	78,782	33,763	112,545
Depreciation expense	57,284	24,550	81,834
Other purchased services	32,715	44,002	76,717
Equipment	28,097	9,945	38,042
Interest expense	-	41,633	41,633
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 6,308,144</u>	<u>\$ 3,417,029</u>	<u>\$ 9,725,173</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, 2020 AND 2019

	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 2,170,354	\$ (100,789)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	82,379	81,834
Amortization of bond issuance costs	83,775	-
Amortization of bond premium	(14,312)	-
Changes in operating assets and liabilities:		
Prepaid expenses	45,396	(18)
Federal grants receivable	(51,438)	100,340
Accounts receivable	(15,795)	(5,061)
Deposits	(2,216)	-
Accounts payable	221,410	90,456
Due to related party	44,298	48,925
Accrued expenses	44,128	104,282
Property taxes payable	(26,309)	26,309
Interest payable	270,612	41,633
Net cash provided by operating activities	2,852,282	387,911
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	(13,552,948)	(4,761,557)
Net cash used in investing activities	(13,552,948)	(4,761,557)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Payments on bond issuance costs	(4,744)	(303,669)
Proceeds from bond insurance	-	25,396,187
Net cash (used in) provided by financing activities	(4,744)	25,092,518
Net (decrease) increase in cash	(10,705,410)	20,718,872
Cash, beginning of year	21,804,910	1,086,038
Cash, end of year	\$ 11,099,500	\$ 21,804,910
<u>RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION</u>		
Cash	\$ 4,285,013	\$ 1,746,453
Cash restricted for student activities	43,396	33,522
Cash restricted for construction	6,771,091	20,024,935
Total cash and restricted cash	\$ 11,099,500	\$ 21,804,910
<u>DISCLOSURE OF SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES</u>		
Change in accounts payable related to property and equipment	\$ 1,451,905	\$ -
Net capitalized interest in construction in progress	\$ 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; YACA is a component unit of JPPSS. YACA has full responsibility for its finances and operations. YACA operated as a K-9 and K-8 charter school for the years ended June 30, 2020 and 2019, respectively. YACA will be adding grades 10 through 12 over the next three school years. YACA had an average student enrollment of 1,172 and 948 for the years ended June 30, 2020 and 2019, 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 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 ("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.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents. The Organization held no cash equivalents at June 30, 2020 and 2019, 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 uncollectible 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, 2020 and 2019, management did not deem any receivables to be uncollectible; 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, 2020 and 2019.

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).

Capitalization of Interest

The Organization capitalizes interest expense on qualifying construction-in-progress expenditures based on the interest cost of the Organization's borrowings less any interest earned on related interest-bearing investments acquired with proceeds of the tax-exempt borrowings. Such capitalized interest becomes part of the cost of the related asset and is depreciated over its estimated useful life. Capitalized interest costs totaled \$1,059,980 net of \$206,104 in investment income for the year ended June 30, 2020.

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 years or the lease term, whichever is shorter

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, 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.

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 year ended June 30, 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, 2020 and 2019.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition (continued)

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, 2020 and 2019.

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.

Recently Adopted Accounting Standards

Effective July 1, 2019, the Organization adopted Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The implementation of this new standard did not have a material impact on the measurement or recognition of revenue.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standards (continued)

The Financial Accounting Standards Board (“FASB”) has issued ASU 2014-09, *Revenue from Contracts with Customers*, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. There were no material changes to recognition or presentation of revenue as a result of the application of ASU 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

Accounting Pronouncements Issued but Not Yet in Effect

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard’s implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years’ results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of retained earnings. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. This standard will be effective for the Organization for annual periods beginning after December 15, 2021.

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

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

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>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$ 11,099,500	\$ 21,804,910
Federal grants receivable	167,915	116,477
Accounts receivable	<u>30,679</u>	<u>14,884</u>
Total financial assets	11,298,094	21,936,271
Less amounts not available to be used within one year		
Cash from bond issuance restricted for construction	4,532,642	16,857,850
Cash from bond issuance restricted for debt service	2,238,449	3,167,085
Cash restricted for student activities	<u>43,396</u>	<u>33,522</u>
	6,814,487	20,058,457
Financial assets available for general expenditures within one year	<u>\$ 4,483,607</u>	<u>\$ 1,877,814</u>

3. Property and Equipment

Property and equipment is summarized as follows at June 30:

	<u>2020</u>	<u>2019</u>
Building	\$ 1,955,777	\$ 1,955,777
Building improvements	196,402	196,402
Leasehold improvements	118,387	118,387
Construction-in-progress	16,322,732	1,290,379
Machinery and equipment	38,310	38,310
Land	<u>1,891,176</u>	<u>1,918,676</u>
	20,522,784	5,517,931
Less accumulated depreciation	<u>(346,347)</u>	<u>(263,968)</u>
Property and equipment, net	<u>\$ 20,176,437</u>	<u>\$ 5,253,963</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 \$1,450,000 and \$0 of construction-related liabilities as of June 30, 2020 and 2019, respectively.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Net assets with Donor 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. As of June 30, 2019, net assets with donor restrictions included \$33,522 restricted for student activities and \$5,000 restricted by a federal grant.

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

5. Lease Agreements

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 \$82.45 and \$81.98 per student per year for the years ended June 30, 2020 and 2019, respectively. 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 \$79,853 and \$77,676 for the years ended June 30, 2020 and 2019, respectively.

In addition, the Organization entered into a 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 required monthly payments of \$3,224. The lease was extended on September 30, 2018 through September 29, 2020 requiring monthly payments of \$3,424. The Organization recognized \$40,882 and \$42,882 in rent expense related to this lease for the years ended June 30, 2020 and 2019, respectively. The lease was extended again on September 30, 2020 through May 29, 2021.

Future minimum commitments are based on the Organization's estimate of student enrollment. Future minimum commitments are not reported on a straight-line basis in accordance with U.S. GAAP; however, the Organization does not believe the difference between actual expense incurred and straight-line reporting is material to the consolidated financial statements. Future minimum commitments under the operating lease agreements are estimated to be as follows:

2021	\$	157,397
2022		169,060
2023		179,760
Total	\$	<u>506,217</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%.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Bonds Payable

Outstanding bonds consisted of the following at June 30:

	<u>2020</u>	<u>2019</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, 2057	\$ 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	529,537	543,850
Unamortized issuance costs	<u>(667,300)</u>	<u>(746,332)</u>
	<u>\$ 25,157,237</u>	<u>\$ 25,092,518</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 will be 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:

2021	\$ -
2022	145,000
2023	280,000
2024	290,000
2025	305,000
Thereafter	<u>24,275,000</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, 2020.

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 \$44,189 and \$23,667 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, the Organization received approximately 83% and 90%, respectively, of its total revenue from state public school funds. For the years ended June 30, 2020 and 2019, 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, 2020 and 2019 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

9. Contingencies and Commitments (continued)

In June 2019, the Organization entered into an agreement with a construction firm for professional services related to the new school building project at a total contract amount of approximately \$16 million. As of June 30, 2020, approximately \$5.6 million remains to be paid under the contract.

10. Federal Grants Receivable

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

	<u>2020</u>	<u>2019</u>
Title I	\$ 139,933	\$ 53,363
Medicaid	4,060	-
Child Nutrition	<u>23,922</u>	<u>63,114</u>
Total federal grants receivable	<u>\$ 167,915</u>	<u>\$ 116,477</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, 2020 and 2019 on the accompanying consolidated statements of financial position was \$437,188 and \$392,890, 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 \$1,442,810 and \$1,413,983 for the years ended June 30, 2020 and 2019, 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.

12. Outbreak of COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of the impact of the COVID-19 pandemic on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on the Organization's donors, students, employees and vendors, all of which are uncertain and cannot be predicted.

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 is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized. The Organization recognized the loan as an unconditional contribution, which is recorded in the consolidated statement of activities for the year ended June 30, 2020, having met the conditions for forgiveness by incurring eligible expenditures.

YOUNG AUDIENCES CHARTER ASSOCIATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, October 19, 2020, and determined that other than the matters regarding the completion of the building and the outbreak of COVID-19 described in Note 3 and 12, respectively, there were no other events occurred 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, 2020

ASSETS

	<u>YACA</u>	<u>Friends</u>	<u>Eliminations</u>	<u>Total</u>
<u>CURRENT ASSETS</u>				
Cash and cash equivalents	\$ 4,174,085	\$ 110,928	\$ -	\$ 4,285,013
Cash restricted for student activities	43,396	-	-	43,396
Federal grants receivable	167,915	-	-	167,915
Accounts receivable	21,425	9,254	-	30,679
Prepaid expenses	99,254	-	-	99,254
	<u>4,506,075</u>	<u>120,182</u>	<u>-</u>	<u>4,626,257</u>
<u>NONCURRENT ASSETS</u>				
Property and equipment, net	72,352	20,104,085	-	20,176,437
Cash restricted for construction and debt service	33,333	6,771,091	(33,333)	6,771,091
Prepaid expenses	34,006	-	-	34,006
Deposits	19,559	2,216	-	21,775
	<u>159,250</u>	<u>26,877,392</u>	<u>(33,333)</u>	<u>27,003,309</u>
Total assets	<u>\$ 4,665,325</u>	<u>\$ 26,997,574</u>	<u>\$ (33,333)</u>	<u>\$ 31,629,566</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>				
Accounts payable	\$ 434,781	\$ 1,483,531	\$ -	\$ 1,918,312
Due to related party	423,810	46,711	(33,333)	437,188
Accrued expenses	405,900	-	-	405,900
Property tax payable	-	-	-	-
	<u>1,264,491</u>	<u>1,530,242</u>	<u>(33,333)</u>	<u>2,761,400</u>
<u>NONCURRENT LIABILITIES</u>				
Bonds payable, net	-	25,157,237	-	25,157,237
Interest payable	-	312,245	-	312,245
	<u>-</u>	<u>25,469,482</u>	<u>-</u>	<u>25,469,482</u>
Total liabilities	<u>1,264,491</u>	<u>26,999,724</u>	<u>(33,333)</u>	<u>28,230,882</u>
<u>NET ASSETS</u>				
Without donor restrictions	3,336,418	(2,150)	-	3,334,268
With donor restrictions	64,416	-	-	64,416
	<u>3,400,834</u>	<u>(2,150)</u>	<u>-</u>	<u>3,398,684</u>
Total liabilities and net assets	<u>\$ 4,665,325</u>	<u>\$ 26,997,574</u>	<u>\$ (33,333)</u>	<u>\$ 31,629,566</u>

See accompanying independent auditors' report.

YOUNG AUDIENCES CHARTER ASSOCIATION
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	<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>			
Revenues and support:						
State public school funds	\$ 11,254,823	\$ -	\$ -	\$ -	\$ -	\$ 11,254,823
Federal grants - food services	720,532	-	-	-	-	720,532
Federal grant - Title I	281,935	-	-	-	-	281,935
Donations and contributions	50,966	21,020	-	-	-	71,986
Other revenue	30,654	20,058	14,312	-	-	65,024
Rental income	-	-	111,052	-	-	111,052
Paycheck Protection Program income	1,088,392	-	-	-	-	1,088,392
Net assets released from restrictions	15,184	(15,184)	-	-	-	-
	<u>13,442,486</u>	<u>25,894</u>	<u>125,364</u>	<u>-</u>	<u>-</u>	<u>13,593,744</u>
Expenses:						
Program services	7,302,105	-	61,712	-	-	7,363,817
Supporting services:						
Management and general	4,030,164	-	29,409	-	-	4,059,573
	<u>11,332,269</u>	<u>-</u>	<u>91,121</u>	<u>-</u>	<u>-</u>	<u>11,423,390</u>
Change in net assets	2,110,217	25,894	34,243	-	-	2,170,354
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>1,226,201</u>	<u>38,522</u>	<u>(36,393)</u>	<u>-</u>	<u>-</u>	<u>1,228,330</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<u>\$ 3,336,418</u>	<u>\$ 64,416</u>	<u>\$ (2,150)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,398,684</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, 2020

Agency Head Name: Brandon House, School Leader

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 114,950
Benefits - FICA & Medicare	8,722
Benefits - long-term disability	1,070
Benefits - health insurance	450
Benefits - life insurance	137
	<u>\$ 125,329</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, 2020, 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 19, 2020.

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) to determine 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no 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 19, 2020

YOUNG AUDIENCES CHARTER ASSOCIATION

SINGLE AUDIT REPORT

JUNE 30, 2020

YOUNG AUDIENCES CHARTER ASSOCIATION

SINGLE AUDIT REPORT

JUNE 30, 2020

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

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 (a nonprofit organization) (“the Organization”) which comprise the statement of financial position as of June 30, 2020, and the related 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 19, 2020.

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 audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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 weakness. 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 and 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.

Postlethwaite & Netterville

Metairie, Louisiana
October 19, 2020

**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
Gretna, Louisiana

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 *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2020. 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, 2020.

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, 2020, and have issued our report thereon dated October 19, 2020, 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
December 18, 2020

YOUNG AUDIENCES CHARTER ASSOCIATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass- Through Grantor	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<u>United States Department Agriculture</u>			
Passed through the Louisiana Department of Agriculture:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	Unknown	\$ 213,827
National School Lunch Program	10.555	Unknown	421,809
Summer Food Service Program for Children	10.559	Unknown	2,071
Total Child Nutrition Cluster			<u>637,707</u>
Child and Adult Care Program	10.558	Unknown	82,525
Total United States Department of Agriculture			<u>720,232</u>
<u>United States Department of Education</u>			
Passed through the Jefferson Parish Public School System:			
Title I Grants to Local Education Agencies (LEAs)	84.010		281,935
Total United States Department of Education			<u>281,935</u>
Total Expenditures of Federal Awards			<u>\$ 1,002,167</u>

YOUNG AUDIENCES CHARTER SCHOOL
GRETNA, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

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, 2020. 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, 2020.

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, 2020. 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 \$1,002,167 are included in the Statement of Activities.

4. Relationship to Federal Financial Reports

Amounts reported in the Schedule agree with the amounts reported in the related federal financial reports, except for the amounts in reports submitted as of a date subsequent to June 30, 2020.

5. De Minimis Cost Rate

During the year ended June 30, 2020, the Organization did not elect to use the 10% de minimis cost rate as covered in §200.414 of the Uniform Guidance.

YOUNG AUDIENCES CHARTER ASSOCIATION
GRETNA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

(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:

Child Nutrition Cluster: CFDA #: 10.553, 10.555, 10.559

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
GRETNA, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2020

(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 this is the first year a single audit has been performed.

YOUNG AUDIENCES CHARTER ASSOCIATION
GRETNA, LOUISIANA
PERFORMANCE AND STATISTICAL DATA
FOR THE YEAR ENDED JUNE 30, 2020

YOUNG AUDIENCES CHARTER ASSOCIATION

GRETNNA, LOUISIANA

PERFORMANCE AND STATISTICAL DATA

FOR THE YEAR ENDED JUNE 30, 2020

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, which were agreed to by the management of Young Audiences Charter Association (“YACA”), the Louisiana Department of Education, the Louisiana Legislature Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of YACA for the fiscal year ended June 30, 2020; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514.I. Management of YACA is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

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 (no expenditures reported),
 - 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)

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, 2019 roll books for those classes and observed that the class was properly classified on the schedule.

We noted no exceptions.

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

3. We obtained October 1, 2019 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 one exception where an individual's education level or years of experience was not classified correctly on the PEP data when compared to the individual's personnel file.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30, 2020 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.

This agreed-upon procedures engagement was performed 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, 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.

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
December 18, 2020

YOUNG AUDIENCES CHARTER ASSOCIATION
GRETNA, LOUISIANA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2020

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, 2020

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 3,809,262	
Other Instructional Staff Activities	148,739	
Employee Benefits	838,296	
Purchased Professional and Technical Services	987,405	
Instructional Materials and Supplies	599,277	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	-	6,382,979

Other Instructional Activities

-

6,382,979

Pupil Support Activities

241,483

Less: Equipment for Pupil Support Activities

-

Net Pupil Support Activities

241,483

Instructional Staff Services

55,721

Less: Equipment for instructional staff services

-

Net Instructional Staff Services

55,721

School Administration

1,574,512

Less: Equipment for School Administration

-

Net School Administration

1,574,512

Total General Fund Instructional Expenditures

\$ 8,254,695

Total General Fund Equipment Expenditures

\$ -

Certain Local Revenue Sources

Not Applicable

Prepared by Young Audiences Charter Association

Schedule 2: Class Size Characteristics
As of October 1, 2019

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	76%	29	16%	6	8%	3	0%	-
High Activity Classes	100%	16	0%	-	0%	-	0%	-
Combination	45%	142	35%	111	20%	63	0%	-
Combination Activity Classes	39%	22	31%	18	30%	17	0%	-

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.

Prepared by Young Audiences Charter Association