
YOUNG AUDIENCES OF LOUISIANA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

YOUNG AUDIENCES OF LOUISIANA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
Young Audiences of Louisiana, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Young Audiences of Louisiana, Inc. (a nonprofit organization) (the Organization) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of compensation, benefits, and other payments to agency head are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2023 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* and in considering the Organization's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana

February 3, 2023

YOUNG AUDIENCES OF LOUISIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

<u>ASSETS</u>	2022	2021
Cash	\$ 397,045	\$ 564,398
Accounts receivable	177,819	118,355
Grants receivable	526,053	623,387
Contract receivable	71,765	124,299
Due from related party	921,323	684,532
Investments	489,860	546,318
Beneficial interest in assets held by others	28,660	32,573
Total assets	\$ 2,612,525	\$ 2,693,862

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 317,089	\$ 263,219
Refundable advance - Paycheck Protection Program	-	10,799
Total liabilities	317,089	274,018

NET ASSETS

Without donor restrictions	2,266,776	2,387,271
With donor restrictions	28,660	32,573
Total net assets	2,295,436	2,419,844
Total liabilities and net assets	\$ 2,612,525	\$ 2,693,862

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

YOUNG AUDIENCES OF LOUISIANA, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restictions	With Donor Restrictions	Total	Without Donor Restictions	With Donor Restrictions	Total
Revenues and support:						
Program fees	\$ 3,141,738	\$ -	\$ 3,141,738	\$ 1,882,541	\$ -	\$ 1,882,541
Contract revenue	482,223	-	482,223	388,084	-	388,084
Federal grants	1,309,317	-	1,309,317	1,435,043	-	1,435,043
Contributions	198,506	-	198,506	398,172	-	398,172
Investment income (loss), net	(56,458)	-	(56,458)	116,221	-	116,221
Beneficial interest income (loss), net	-	(2,761)	(2,761)	-	6,719	6,719
Miscellaneous revenue	24,873	-	24,873	4,172	-	4,172
Paycheck Protection Program income	10,799	-	10,799	427,847	-	427,847
Net assets released from restrictions	1,152	(1,152)	-	1,109	(1,109)	-
Total revenues and support	5,112,150	(3,913)	5,108,237	4,653,189	5,610	4,658,799
Expenses:						
Program services	4,386,497	-	4,386,497	3,390,964	-	3,390,964
Supporting services:						
Management and general	588,574	-	588,574	474,497	-	474,497
Fundraising	257,574	-	257,574	187,132	-	187,132
Total expenses	5,232,645	-	5,232,645	4,052,593	-	4,052,593
Change in net assets	(120,495)	(3,913)	(124,408)	600,596	5,610	606,206
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>2,387,271</u>	<u>32,573</u>	<u>2,419,844</u>	<u>1,786,675</u>	<u>26,963</u>	<u>1,813,638</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<u>\$ 2,266,776</u>	<u>\$ 28,660</u>	<u>\$ 2,295,436</u>	<u>\$ 2,387,271</u>	<u>\$ 32,573</u>	<u>\$ 2,419,844</u>

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

YOUNG AUDIENCES OF LOUISIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			
	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Personnel expenses				
Salaries and benefits	\$ 2,172,730	\$ 348,710	\$ 160,943	\$ 2,682,383
Professional services	1,668,767	53,259	53,259	1,775,285
Payroll taxes	152,985	24,553	11,333	188,871
Total personnel expenses	3,994,482	426,522	225,535	4,646,539
Other expenses				
Accounting and legal	82,120	73,991	-	156,111
Advertising	22,575	-	5,644	28,219
Community outreach	2,640	377	2,370	5,387
Computer/website	9,680	-	3,764	13,444
Cooperative funding	-	17,500	-	17,500
Dues/memberships/subscriptions	864	-	576	1,440
Field trips and transportation	28,944	-	-	28,944
Fundraising activities	-	-	3,247	3,247
Insurance	-	4,218	-	4,218
Interest and bank charges	-	2,587	-	2,587
Miscellaneous	-	8,673	-	8,673
Office supplies	-	19,086	-	19,086
Parking	-	169	-	169
Postage	726	362	362	1,450
Program supplies	212,275	-	-	212,275
Rent	10,329	14,084	6,885	31,298
Staff/board development	-	11,814	-	11,814
Telephone	3,948	3,220	3,220	10,388
Travel/conferences	17,914	5,971	5,971	29,856
Total other expenses	392,015	162,052	32,039	586,106
Total expenses	\$ 4,386,497	\$ 588,574	\$ 257,574	\$ 5,232,645

(continued)

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

YOUNG AUDIENCES OF LOUISIANA, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2021			Total
	Program Services	Supporting Services		
		Management & General	Fundraising	
Personnel expenses				
Salaries and benefits	\$ 1,545,197	\$ 247,995	\$ 114,459	\$ 1,907,651
Professional services	1,393,854	44,485	44,485	1,482,824
Payroll taxes	109,652	17,598	8,122	135,372
Total personnel expenses	<u>3,048,703</u>	<u>310,078</u>	<u>167,066</u>	<u>3,525,847</u>
Other expenses				
Accounting and legal	94,838	105,256	-	200,094
Advertising	7,133	-	1,783	8,916
Community outreach	677	608	97	1,382
Computer/website	14,923	-	5,803	20,726
Cooperative funding	-	17,500	-	17,500
Dues/memberships/subscriptions	548	-	366	914
Field trips and transportation	5,035	-	-	5,035
Fundraising activities	-	-	343	343
Insurance	-	4,198	-	4,198
Interest and bank charges	-	2,316	-	2,316
Miscellaneous	-	8,097	-	8,097
Office supplies	-	8,000	-	8,000
Parking	-	54	-	54
Postage	1,353	677	677	2,707
Program supplies	175,513	-	-	175,513
Rent	9,377	12,787	6,251	28,415
Staff/board development	-	180	-	180
Teacher recruitment	24,600	-	-	24,600
Telephone	4,127	3,367	3,367	10,861
Travel/conferences	4,137	1,379	1,379	6,895
Total other expenses	<u>342,261</u>	<u>164,419</u>	<u>20,066</u>	<u>526,746</u>
Total expenses	<u>\$ 3,390,964</u>	<u>\$ 474,497</u>	<u>\$ 187,132</u>	<u>\$ 4,052,593</u>

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

YOUNG AUDIENCES OF LOUISIANA, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ (124,408)	\$ 606,206
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Investment and beneficial interest income (loss)	59,219	(122,940)
Changes in operating assets and liabilities:		
Accounts receivable	(59,464)	(50,442)
Grants receivable	97,334	(294,862)
Contracts receivable	52,534	(59,556)
Due from related party	(236,791)	(133,347)
Accounts payable	53,870	115,109
Refundable advance - Paycheck Protection Program	(10,799)	(48,395)
	(168,505)	11,773
Net cash provided by (used in) operating activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Proceeds from withdrawal of investment	1,152	1,109
	1,152	1,109
Net cash provided by investing activities		
Net change in cash and cash equivalents	(167,353)	12,882
Cash, beginning of year	564,398	551,516
Cash, end of year	\$ 397,045	\$ 564,398

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

YOUNG AUDIENCES OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

Young Audiences of Louisiana, Inc. (the Organization), a nonprofit organization, was incorporated in the State of Louisiana in 1962 with the mission of inspiring, empowering, and uniting children through education, arts, and culture. The Organization presents cultural and educational activities, primarily workshops, plays, and concerts, for students and teachers throughout southeast Louisiana.

Basis of Accounting and Presentation of Net Assets

The accompanying financial statements of the Organization have been prepared on an accrual basis in accordance with accounting principles generally accepted in the United States (U.S. GAAP), which require the Organization to report 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 (or grantor) 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 the 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 the passage of time or other events specified by the donor. 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 restrictions are accomplished) in the reporting period in which the 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 statement of activities.

Use of Estimates

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

Cash and Cash Equivalents

Cash includes amounts on deposit at financial institutions. The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents, except for those amounts that are held in the investment portfolio which are invested for long-term purposes. There were no cash equivalents at June 30, 2022 and 2021.

YOUNG AUDIENCES OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Receivables

Receivables, consisting of accounts receivable, grants receivable, contract receivable, and due from related party, are stated at the amount management expects to collect from outstanding balances. The Organization determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. At June 30, 2022 and 2021, the Organization did not deem any receivables to be uncollectible; therefore, no allowance was recorded.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Net investment income (loss) consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

Net investment income (loss) earned on donor restricted net assets which are perpetual in nature is recorded in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Beneficial Interest in Assets Held by Others

The Organization has been named as an irrevocable beneficiary of a perpetual trust held and administered by an independent trustee. At the date the Organization receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities, and a beneficial interest in assets held by others is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, the beneficial interest in the trust is reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

Income Taxes

The Organization is a not-for-profit corporation organized under the laws of the State of Louisiana. The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code), and qualifies as an organization that is not a private foundation 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; 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 financial statements.

YOUNG AUDIENCES OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

The Organization recognizes program fees and contract revenue when the programs are recognized over the program period as the services are provided and the performance obligations have been satisfied.

Revenues from federal grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized 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 statements of financial position.

Contributions and revenues from non-federal grants and donors are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional contributions – that is, those with measurable performance or other barriers and right of return (or release) are not recognized until the conditions on which they depend have been substantially met.

Refundable advances as reported on the statement of financial position consist of Paycheck Protection Program funding received for which eligible expenditures have not been incurred at June 30, 2021.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The 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. Expenses are charged directly to program or support services categories based on specific identification where possible. Key expense categories have been allocated using the following methodologies: salaries and employee-related expenses – time and effort; rent and insurance – management’s estimates and usage of the leased premises.

YOUNG AUDIENCES OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Standards

On September 17, the FASB issued ASU 2020-07 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 to be applied retrospectively. These amendments were effective for the Organization's fiscal year ending June 30, 2022, with no significant impact on presentation.

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. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. This standard will be effective for the Organization's fiscal year ending June 30, 2023.

The Organization is currently assessing the impact if any of these pronouncements on the financial statements.

2. Liquidity and Availability

The table below presents the Organization's financial assets available for general expenditures within one year at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash	\$ 397,045	\$ 564,398
Accounts and other receivables	1,696,960	1,550,573
Investments	489,860	546,318
Beneficial interest in assets held by others	<u>28,660</u>	<u>32,573</u>
Total financial assets	2,612,525	2,693,862
Less: amounts not available to be used within one year for general expenditures:		
Assets with donor restrictions	<u>28,660</u>	<u>32,573</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,583,865</u>	<u>\$ 2,661,289</u>

The Organization's goal is to maintain financial assets at a level equal to 90-120 days of its operating expenses (approximately \$1,300,000-\$1,700,000). As part of the Organization's liquidity management plan, any large, long-term excess cash may be invested.

YOUNG AUDIENCES OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

3. Beneficial Interest in Assets Held by Others

The Organization maintains a beneficial interest in assets at the Greater New Orleans Foundation (GNOF). The beneficial interest is an investment pool managed by Cambridge Associates, who monitor investment returns for the beneficial interest. The amount available for distribution is equal to 4% of the previous twelve quarters average beneficial interest balance, with September 30th of the previous year being the most recent quarter. See Note 4 for further information on the market value of the beneficial interest.

4. Fair Value Measurements

FASB authoritative guidance for fair value measurements defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The guidance also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under the guidance are described below:

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

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Mutual funds, equities, and exchange traded and closed ended funds (ETFs and CEFs): Valued at the closing price reported on the active market on which the individual securities or commodities are traded.

Beneficial interest: Valued based on the fair value of fund investments as reported by GNOF.

YOUNG AUDIENCES OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

4. Fair Value Measurements (continued)

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value, except those measured at cost, as of June 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 135,755	\$ -	\$ -	\$ 135,755
Equities	326,272	-	-	326,272
ETFs and CEFs	6,720	-	-	6,720
Beneficial interest	-	-	28,660	28,660
	<u>\$ 468,747</u>	<u>\$ -</u>	<u>\$ 28,660</u>	497,407
Cash, at cost				21,113
				<u>\$ 518,520</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value, except those measured at cost, as of June 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 142,455	\$ -	\$ -	\$ 142,455
Equities	353,133	-	-	353,133
ETFs and CEFs	40,763	-	-	40,763
Beneficial interest	-	-	32,573	32,573
	<u>\$ 536,351</u>	<u>\$ -</u>	<u>\$ 32,573</u>	568,924
Cash, at cost				9,967
				<u>\$ 578,891</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Beneficial interest, beginning of year	\$ 32,573	\$ 26,963
Beneficial interest income (loss), net	(2,761)	6,719
Distributions	(1,152)	(1,109)
Beneficial interest, end of year	<u>\$ 28,660</u>	<u>\$ 32,573</u>

YOUNG AUDIENCES OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

5. Cooperative Funding Expense

The national Young Audiences organization computes the Organization's share of cooperative funding expense based upon their eligible revenues compared to revenues of all chapters. Cooperative funding for the years ended June 30, 2022 and 2021 totaled \$17,500, respectively.

6. Operating Leases

The Organization leases the use of classroom and storage space on an annual basis. Monthly minimum rental payments were approximately \$2,600. Rent expense for operating leases during the years ended June 30, 2022 and 2021 was \$31,298 and \$28,415, respectively.

7. Concentrations and Credit Risk

For the years ended June 30, 2022 and 2021, the Organization received 26% and 31%, respectively, of its revenues and 31% and 40% of its receivables, respectively, from federal grants. The Organization's other significant source of revenue is from a related party. See Note 8.

The Organization manages deposit concentration risk by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts.

8. Related Party Transactions

The Organization provides arts and education programs services along with management oversight and staff training to a related party, Young Audiences Charter Association (YACA). The Organization recorded approximately \$2,900,000 and \$1,625,000 in program fees revenue related to such services for the years ended June 30, 2022 and 2021, respectively, on the accompanying statements of activities. Amounts outstanding at June 30, 2022 and 2021, are recorded and classified as due from related party in the accompanying statements of financial position. In addition, certain in-kind services related to the start-up of YACA were provided by the Organization; however, the financial statements do not reflect the value of such services because they do not meet the criteria prescribed by U.S. GAAP.

9. Paycheck Protection Program

During the year ended June 30, 2020, the Organization applied for and was approved for a \$336,367 loan under the Paycheck Protection Program 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 was uncollateralized. The Organization recognized \$277,173 of the loan as an unconditional contribution, which was recorded in the statement of activities for the year ended June 30, 2020, having met the conditions for forgiveness by incurring eligible expenditures. The remaining \$59,194 was recognized as a refundable advance, which was recorded in the consolidated statement of financial position at June 30, 2020, and was recognized as revenue during fiscal year 2021. The loan was fully forgiven during the year ended June 30, 2021.

YOUNG AUDIENCES OF LOUISIANA, INC.

NOTES TO FINANCIAL STATEMENTS

9. Paycheck Protection Program (continued)

During the year ended June 30, 2021, the Organization applied for and was approved for a Paycheck Protection Program Second Draw of \$379,452. The second draw is administered by the Small Business Administration as part of the relief efforts related to COVID-19. The Organization is eligible for second draw forgiveness of up to 100% upon meeting certain requirements. The Organization recognized \$368,653 as revenue for the year ended June 30, 2021 and the remaining \$10,799 is recognized as a refundable advance in the consolidated statement of financial position at June 30, 2021 and was recognized as revenue in fiscal year 2022. The loan was fully forgiven during the year ended June 30, 2022.

10. Net Assets

The major components of net assets at June 30, 2022 and 2021 are as follows:

<u>June 30, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Undesignated	\$ 2,266,776	\$ -	\$ 2,266,776
Designated for specific purposes:			
Beneficial interest	-	28,660	28,660
Total net assets	<u>\$ 2,266,776</u>	<u>\$ 28,660</u>	<u>\$ 2,295,436</u>
<u>June 30, 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Undesignated	\$ 2,387,271	\$ -	\$ 2,387,271
Designated for specific purposes:			
Beneficial interest	-	32,573	32,573
Total net assets	<u>\$ 2,387,271</u>	<u>\$ 32,573</u>	<u>\$ 2,419,844</u>

11. Subsequent Events

Management has evaluated events through the date that the financial statements were available to be issued, February 3, 2023, and determined that no events occurred that required additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTAL INFORMATION

YOUNG AUDIENCES OF LOUISIANA, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2022

Agency Head Name: Jenny James, Co-Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 114,000
Benefits - health insurance	4,500
Benefits - FICA & Medicare	8,721
	<u>\$ 127,221</u>

Agency Head Name: Richard Bates, Co-Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 119,000
Benefits - health insurance	4,500
Benefits - FICA & Medicare	9,104
	<u>\$ 132,604</u>

Note: The agency heads participate in a retirement plan, but no employer match is offered at this time.

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 of Louisiana, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Young Audiences of Louisiana, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 3, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the 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 our opinion on the 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 or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
February 3, 2023

**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 of Louisiana, Inc.

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Young Audiences of Louisiana, Inc.'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, 2022. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Postlethwaite & Netterville

Metairie, Louisiana
February 3, 2023

YOUNG AUDIENCES OF LOUISIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor	Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures
<u>United States Department of Education</u>			
<i>Direct Program:</i>			
Assistance for Arts Education Development and Dissemination	84.351D	N/A	\$ 570,587
<i>Pass-through program from Louisiana Department of Education:</i>			
Twenty-First Century Community Learning Centers	84.287C	28-21-2C-NO	<u>738,730</u>
Total United States Department of Education			<u>1,309,317</u>
Total Expenditures of Federal Awards			<u>\$ 1,309,317</u>

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

YOUNG AUDIENCES OF LOUISIANA, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Young Audiences of Louisiana, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2022. 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 financial statements for the year ended June 30, 2022.

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 financial statements for the year ended June 30, 2022. 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 financial statements.

3. Relationship to financial statements

Federal revenues of \$1,309,317 are included in federal grant revenue on the statement of activities.

4. De Minimis Cost Rate

During the year ended June 30, 2022, 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 OF LOUISIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

(1) Summary of Independent Auditors' Results

Financial statements

The type of report issued on the financial statements: Unmodified

Internal control over financial reporting:

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

Noncompliance material to the 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 reported

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

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

Identification of major program:

Twenty-First Century Community Learning Centers: Assistance Listing Number: 84.287C

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 OF LOUISIANA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

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

None noted

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

None noted

YOUNG AUDIENCES OF LOUISIANA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022

None.

YOUNG AUDIENCES OF LOUISIANA, INC.
INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES
AS REQUIRED BY LOUISIANA LEGISLATIVE AUDITOR
JUNE 30, 2022

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INDEPENDENT ACCOUNTANT’S REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED 2022

To the Members of the
Young Audiences of Louisiana, Inc.
And the Louisiana Legislative Auditor:

We have performed the procedures enumerated on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA’s) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Young Audience of Louisiana, Inc.’s (Entity) management is responsible for those C/C areas identified in the SAUPs.

The Entity 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 C/C areas identified in LLA’s SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its 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 performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “no exception noted” or for step 25 “we performed the procedure and discussed the results with management”. If not, then a description of the exception ensues.

A - Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

No exception noted.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

The Entity’s purchasing policy does not address (1) how purchases are initiated; (2) how vendors are added to the vendor list; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.

No exception noted.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The Entity's policy for receipts/collections does not address management's actions to determine the completeness of all collections for each type of revenue or agency fund addition.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

The Entity's policy for payroll/personnel does not address (2) reviewing and approving time and attendance records, including leave and overtime worked; and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The Entity's contracting policy does not address (2) standard terms and conditions.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exception noted.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

No exception noted.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Ethics is not applicable as the Entity is a non-profit organization.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Entity does not have a debt service policy, as they do not incur debt.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We performed the procedure and discussed the results with management.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

The sexual harassment statutes are not applicable to the Entity.

B - Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exception noted.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Not applicable.

C - Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

A listing of bank accounts was provided and included a total of 2 bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we obtained the bank reconciliations for one month from the fiscal period, resulting in 2 bank reconciliations obtained and subjected to the below procedures.

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

No exception noted.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exception noted.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Not applicable.

D - Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 1 deposit site and performed the procedures below.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for each deposit site selected in procedure #4 was provided and included a total of 1 collection location. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected one collection location for each deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) Employees responsible for cash collections do not share cash drawers/registers.

No exception noted.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exception noted.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

No exception noted.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

No exception noted.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

No exception noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for each of the 2 bank accounts selected in procedure #3. 1 of the bank accounts did not have any deposits for the fiscal period under audit. We obtained supporting documentation for each of the 2 deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

No exception noted.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exception noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exception noted.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

For the 2 deposits tested, neither was deposited within 1 business day of receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exception noted.

E - Non-payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the only location and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

The Entity's policy does not require that at least 2 employees are involved in initiating a purchase, approving a purchase, and making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

No exception noted.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

The employee responsible for processing payments is also responsible for vendor maintenance. There is no employee responsible for reviewing changes to vendor files.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

No exception noted.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

A listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

- a) Observe whether the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

No exceptions noted.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

F - Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

From the listing provided, we randomly selected 5 cards used in the fiscal period. We randomly selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions noted.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

We selected 10 transactions or all transactions for 5 of the 5 cards selected in procedure #12 and performed the specified procedures.

Of the 36 total transactions tested, 2 did not contain (1) an original itemized receipt that identifies precisely what was purchased. The transactions missing original itemized receipts included one advertisement purchase and one supply purchase. Management does not have a compensating control to address missing receipts.

G - Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

No exception noted.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Not applicable.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

No exception noted.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions noted.

H - Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

A listing of all agreements/contracts that were initiated or renewed during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 contracts and performed the procedures below.

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Not applicable. All contracts selected were for professional services.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions noted.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Not applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

I - Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 employees/officials and performed the specified procedures. No exceptions noted.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We randomly selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document their attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document their daily attendance and leave.)

No exceptions noted.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

No exceptions noted.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exception noted.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management’s representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management’s termination payment calculations and the entity’s policy on termination payments. Agree the hours to the employee or officials’ cumulative leave records, agree the pay rates to the employee or officials’ authorized pay rates in the employee or officials’ personnel files, and agree the termination payment to entity policy.

A listing of employees/officials receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 2 employees/officials and performed the specified procedures. No exception noted.

19. Obtain management’s representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers’ compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines

No exception noted.

J - Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

Ethics is not applicable as the Entity is a non-profit organization.

- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity’s ethics policy during the fiscal period, as applicable.

Ethics is not applicable as the Entity is a non-profit organization.

K - Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management’s representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued.

Not applicable as the Entity does not incur debt.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Not applicable as the Entity does not incur debt.

L - Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

The Entity did not report any misappropriations of public funds and assets during the fiscal period.

24. Observe the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted.

M - Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

We performed the procedure and discussed the results with management.

- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

N - Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

The sexual harassment statutes are not applicable to the Entity.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

The sexual harassment statutes are not applicable to the Entity.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;

The sexual harassment statutes are not applicable to the Entity.

- b) Number of sexual harassment complaints received by the agency;

The sexual harassment statutes are not applicable to the Entity.

- c) Number of complaints which resulted in a finding that sexual harassment occurred;

The sexual harassment statutes are not applicable to the Entity.

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

The sexual harassment statutes are not applicable to the Entity.

- e) Amount of time it took to resolve each complaint.

The sexual harassment statutes are not applicable to the Entity.



We were engaged by the Organization 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 applicable standards of *Government Auditing Standards*. 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 those C/C areas identified in the SAUPs. 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, 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 LLA as a public document.

Postlethwaite & Netterville

Metairie, Louisiana
February 3, 2023



February 3, 2023

Rodney Combs
Postlethwaite & Netterville
One Galleria Blvd, Suite 2100
Metairie, LA 70001
Fax: 504-834-3609

And the Legislative Auditor

RE: Young Audiences of Louisiana – State Agreed Upon Procedures (SAUP) Exceptions

Dear Mr. Combs et. al.

Thanks for time and attention to reviewing our organization accounts, policies, procedures, and practices. Following are responses and planned actions to exceptions noted.

For exceptions noted in A – 1. b, d, e, and f, we will update policies to satisfy SAUP.

In response to D – 7. d, maintaining segregation of duties sometimes delays timing of deposits, especially during the pandemic when staff platooned to maintain social distancing.

In response to E – 9. a, we currently do not have administrative staff to satisfy this SAUP efficiently. We will update this procedure when funds for increased staffing are available.

In response to E – 9. c, we will update policies and procedures to include formal review of the vendors by executive directors.

In response to F – 13, we will review current credit card procedures and policies for potential improvement and conduct review and training with staff on the updated procedures.

With appreciation of your efforts very truly yours,

Richard Bates
Co-Director

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