

YOUNG AUDIENCES OF LOUISIANA, INC.

FINANCIAL STATEMENTS

June 30, 2019 and 2018



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Young Audiences of Louisiana, Inc.
Table of Contents
June 30, 2019

REPORT

Independent Auditors' Report	1
------------------------------	---

FINANCIAL STATEMENTS

Statements of Financial Position	3
----------------------------------	---

Statements of Activities	4
--------------------------	---

Statements of Functional Expenses	6
-----------------------------------	---

Statements of Cash Flows	8
--------------------------	---

Notes to Financial Statements	9
-------------------------------	---

REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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 <i>Government Auditing Standards</i>	18
---	----

Schedule of Findings and Responses	20
------------------------------------	----

Summary Schedule of Prior Audit Findings	21
--	----

SUPPLEMENTARY INFORMATION

Schedule of Compensation, Benefits and Other Payments Made to Agency Head	22
---	----



Report



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Young Audiences of Louisiana, Inc.
New Orleans, Louisiana

We have audited the accompanying financial statements of Young Audiences of Louisiana, Inc. ("YALA") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the YALA's preparation and fair presentation of the 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 YALA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Audiences of Louisiana, Inc. as of June 30, 2019 and 2018, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, YALA adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*; this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

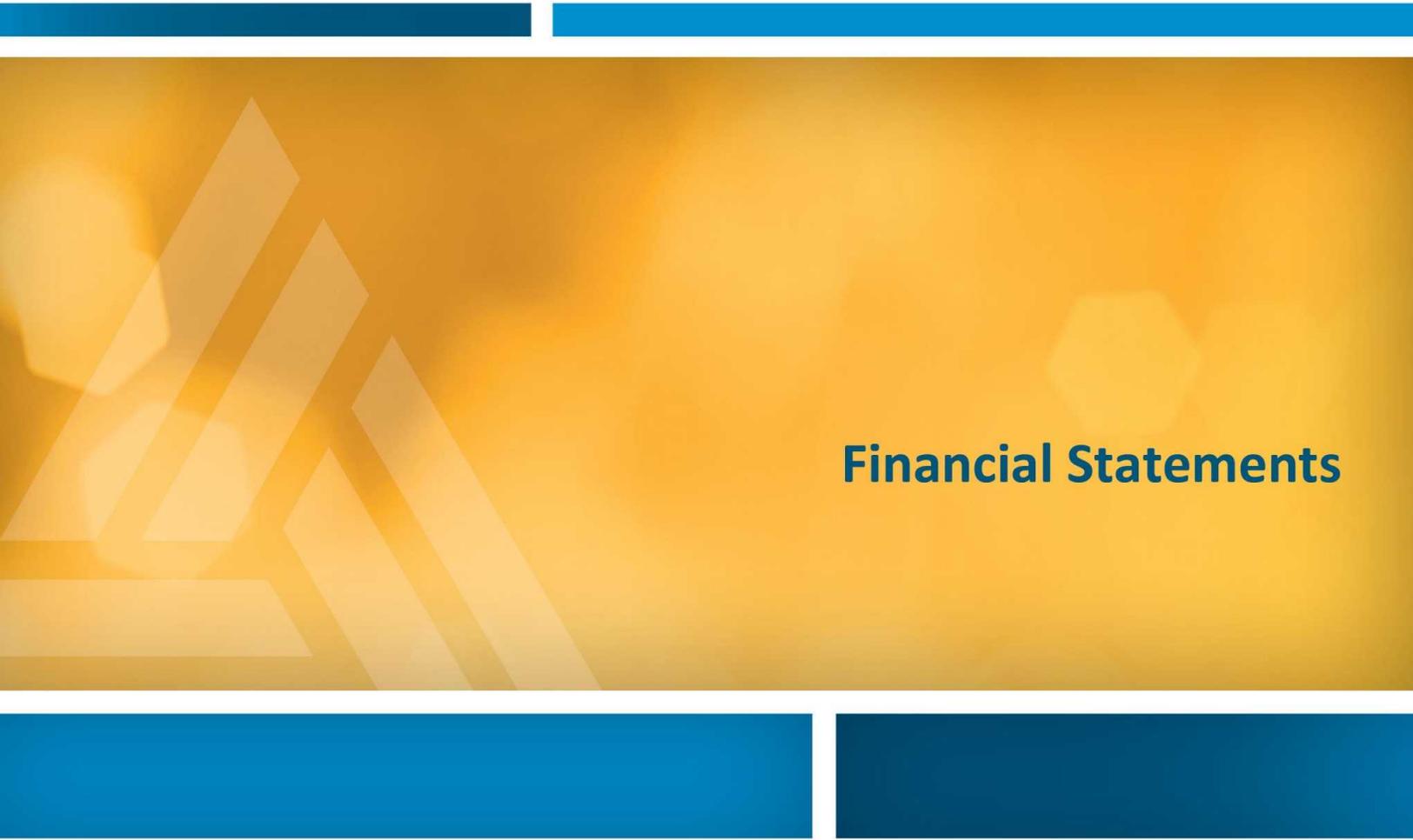
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits and other payments made to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. Such 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 information is 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 December 27, 2019, on our consideration of YALA'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 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 YALA's internal control over financial reporting and compliance.

Cary Riggs & Ingram, L.L.C.

December 27, 2019



Financial Statements

Young Audiences of Louisiana, Inc. Statements of Financial Position

<i>June 30,</i>	2019	2018
Assets		
Cash and cash equivalents	\$ 270,544	\$ 384,060
Accounts receivable	74,177	37,720
Grants receivable	324,462	63,722
Contract receivable	157,750	174,129
Due from related party	392,890	437,444
Investments	410,489	379,720
Beneficial interest in assets held by others	27,747	27,690
Prepaid expenses	-	14,150
Total Assets	\$ 1,658,059	\$ 1,518,635
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 205,065	\$ 142,228
Total Liabilities	205,065	142,228
Net Assets		
Without donor restrictions	1,425,247	1,348,717
With donor restrictions	27,747	27,690
Total Net Assets	1,452,994	1,376,407
Total Liabilities and Net Assets	\$ 1,658,059	\$ 1,518,635

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

Young Audiences of Louisiana, Inc.
Statement of Activities

<i>For the year ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Program fees	\$ 1,941,918	\$ -	\$ 1,941,918
Contract revenue	475,948	-	475,948
Federal grants	709,252	-	709,252
Municipal and state grants	15,200	-	15,200
Foundations	295,532	-	295,532
Fundraisers	44,048	-	44,048
Investment income, net	9,626	-	9,626
Beneficial interest income, net	-	57	57
Corporate contributions	10,250	-	10,250
Member fees	28,801	-	28,801
Unrealized gains on investments	22,467	-	22,467
Miscellaneous revenue	11,435	-	11,435
Net assets released from restrictions	-	-	-
Total revenues and support	3,564,477	57	3,564,534
Expenses			
Program services	2,745,424	-	2,745,424
Supporting services			
Management and general	560,296	-	560,296
Fundraising	182,227	-	182,227
Total expenses	3,487,947	-	3,487,947
Change in net assets	76,530	57	76,587
Net assets at beginning of year	1,348,717	27,690	1,376,407
Net assets at end of year	\$ 1,425,247	\$ 27,747	\$ 1,452,994

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

Young Audiences of Louisiana, Inc.
Statement of Activities

<i>For the year ended June 30, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Program fees	\$ 1,780,723	\$ -	\$ 1,780,723
Contract revenue	421,689	-	421,689
Federal grants	368,108	-	368,108
Municipal and state grants	16,000	-	16,000
Foundations	215,780	-	215,780
Fundraisers	35,081	-	35,081
Investment income, net	11,669	-	11,669
Beneficial interest income, net	-	(1,064)	(1,064)
Corporate contributions	13,847	-	13,847
Member fees	6,304	-	6,304
Realized and unrealized gains on investments	7,560	2,071	9,631
Miscellaneous revenue	2,050	-	2,050
Net assets released from restrictions	-	-	-
Total revenues and support	2,878,811	1,007	2,879,818
Expenses			
Program services	2,216,140	-	2,216,140
Supporting services			
Management and general	511,524	-	511,524
Fundraising	178,073	-	178,073
Total expenses	2,905,737	-	2,905,737
Change in net assets	(26,926)	1,007	(25,919)
Net assets at the beginning of the year	1,375,643	26,683	1,402,326
Net assets at end of year	\$ 1,348,717	\$ 27,690	\$ 1,376,407

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

Young Audiences of Louisiana, Inc. Statements of Functional Expenses

<i>For the year ended June 30, 2019</i>	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Personnel Expenses				
Salaries and benefits	\$ 1,176,412	\$ 188,807	\$ 87,142	\$ 1,452,361
Professional services	1,335,468	42,621	42,621	1,420,710
Payroll taxes	82,943	13,311	6,143	102,397
Total Personnel Expenses	2,594,823	244,739	135,906	2,975,468
Other Expenses				
Accounting	-	151,135	-	151,135
Program supplies	128,830	-	-	128,830
Rent	9,723	13,258	6,482	29,463
Fundraising activities	-	-	18,282	18,282
Travel/conferences	-	19,036	4,759	23,795
Advertising	-	26,435	6,609	33,044
Computer/website	10,772	-	4,189	14,961
Staff/board development	-	16,386	-	16,386
Field trips and transportation	-	26,090	-	26,090
Cooperative funding	-	17,900	-	17,900
Office supplies	-	19,910	-	19,910
Community outreach	-	7,337	552	7,889
Telephone	-	6,508	2,924	9,432
Dues/memberships/subscriptions	-	1,140	760	1,900
Insurance	1,276	1,740	851	3,867
Interest and bank charges	-	4,834	-	4,834
Postage	-	2,738	913	3,651
Parking	-	1,110	-	1,110
Total Other Expenses	150,601	315,557	46,321	512,479
Total Functional Expenses	\$ 2,745,424	\$ 560,296	\$ 182,227	\$ 3,487,947

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

Young Audiences of Louisiana, Inc. Statements of Functional Expenses

<i>For Year Ended June 30, 2018</i>	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Personnel Expenses				
Salaries and benefits	\$ 1,052,620	\$ 168,939	\$ 77,972	\$ 1,299,531
Professional services	959,473	30,621	30,621	1,020,715
Payroll taxes	75,860	11,882	3,656	91,398
Total Personnel Expenses	2,087,953	211,442	112,249	2,411,644
Other Expenses				
Accounting		138,660	-	138,660
Program supplies	95,888	-	-	95,888
Rent	10,723	14,622	7,148	32,493
Fundraising activities	-	-	32,109	32,109
Travel/conferences	-	25,479	6,369	31,848
Advertising	-	24,065	6,016	30,081
Computer/website	20,627	-	8,022	28,649
Staff/board development	-	18,554	-	18,554
Field trips and transportation	-	21,159	-	21,159
Cooperative funding	-	17,178	-	17,178
Office supplies	-	15,584	-	15,584
Community outreach	-	9,934	780	10,714
Telephone	-	6,087	2,734	8,821
Dues/memberships/subscriptions	-	2,240	1,494	3,734
Insurance	949	1,293	632	2,874
Interest and bank charges	-	2,291	-	2,291
Postage	-	1,562	520	2,082
Miscellaneous	-	1,116	-	1,116
Parking	-	258	-	258
Total Other Expenses	128,187	300,082	65,824	494,093
Total Functional Expenses	\$ 2,216,140	\$ 511,524	\$ 178,073	\$ 2,905,737

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

Young Audiences of Louisiana, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2019	2018
Cash Flows from Operating Activities		
Change in net assets	\$ 76,587	\$ (25,919)
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:		
Realized and unrealized gains on investments	(22,467)	(9,631)
Investment income	(14,208)	-
Endowment (income) loss	(57)	1,255
Change in operating assets and liabilities:		
Accounts receivable	(36,457)	88,521
Grants receivable	(260,740)	3,433
Contract receivable	16,379	(107,453)
Accounts payable	62,837	10,566
Prepaid expenses	14,150	(14,150)
Net cash used in operating activities	(163,976)	(53,378)
Cash Flows from Investing Activities		
Due from related party	44,554	(208,985)
Proceeds from withdrawal of investments	5,906	-
Purchases of investments	-	(12,047)
Net cash provided by (used in) investing activities	50,460	(221,032)
Net decrease in cash and cash equivalents	(113,516)	(274,410)
Cash and cash equivalents at beginning of year	384,060	658,470
Cash and cash equivalents at end of year	\$ 270,544	\$ 384,060
Supplemental disclosure of cash flow information:		
Cash received during the year for interest on endowment	\$ 4,834	\$ 2,291

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Young Audiences of Louisiana, Inc. (“YALA”), 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. YALA presents cultural activities, primarily plays and concerts, to students throughout southeast Louisiana.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”). Under FASB, YALA is required to report information regarding its financial position and activities according to two classes of net assets:

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 YALA. These assets may be used at the discretion of YALA’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 actions of YALA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

Cash and Cash Equivalents

Cash, which is held in interest bearing accounts, consists of unrestricted balances. Unrestricted cash balances represent cash available for general operating purposes. YALA classifies all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable, consisting of accounts receivable, grants receivable, contract receivable, and due from related party, are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of the individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. As of June 30, 2019 and 2018, management did not deem any receivables to be uncollectible; therefore, no allowance was recorded.

Investments

YALA records investments in accordance with the provisions of FASB Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities – Investments – Debt and Equity Securities*. This section established standards for the recognition of fair value of investments in certain equity and debt instruments with gains and losses included in the statements of activities. Purchases and sales of investments are reported on the trade date. YALA records investments at fair value. The estimated fair value of its investments is based on quoted market prices.

Beneficial Interest in Assets Held by Others

YALA maintains a beneficial interest with the Greater New Orleans Foundation (“GNOF”) to be held in perpetuity; the beneficial interest corpus was \$20,000 at June 30, 2019 and 2018, and is included within net assets with donor restrictions on the statements of financial position. Changes in value and distributions from the beneficial interest are subject to GNOF’s spending policy and, as such, are considered to be net assets with donor restrictions.

Prepaid Expenses

Prepaid expenses include payments made to vendors for services that will benefit periods beyond June 30, 2019 and 2018. For the years ended June 30, 2019 and 2018, the balance in prepaid expenses was \$0 and \$14,150, respectively.

Income Tax Status

YALA is a tax-exempt organization under Internal Revenue Code 501(c)(3) and, as such, is not subject to income tax except those not related to business activities. YALA had no unrelated business income for the years ended June 30, 2019 and 2018. Accordingly, no provision for income taxes is included in the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uncertain Tax Positions

U.S. GAAP requires that YALA's management evaluate positions taken by YALA and recognize a tax liability if YALA has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. YALA's management has analyzed the tax positions taken by YALA and has concluded, that as of June 30, 2019 and 2018, there were no uncertain positions taken that would require recognition of a liability or disclosure in the financial statements. YALA is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Federal, State, and Municipal Grants

YALA receives grants from federal, state, and municipal programs that are for use on specific projects. Most programs are funded on a reimbursement basis, and revenues are considered to be earned when expense is incurred and reimbursement is requested.

Donations

YALA receives donations as a source of revenue through foundations, fundraisers, and corporate contributions. Donations are recorded as revenue upon receipt by YALA. Donations may be rendered as funds with donor restrictions to YALA at the discretion of the donor. Donor-restricted donations whose restrictions are met within the same year as received are reflected as donations without donor restrictions on the accompanying financial statements.

Program Fees

YALA receives program fees as a significant source of revenue. YALA accrues revenue and records a receivable following performance of program services.

Contract Revenue

YALA serves as a contractor for Jefferson Parish Public School System, from which it receives a significant concentration of its revenue. YALA accrues revenues and records a receivable upon submitting invoices to Jefferson Parish Public School System.

Advertising

YALA expenses advertising costs as incurred. Advertising expense for the years ended June 30, 2019 and 2018 was \$33,044 and \$30,081, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

Effective July 1, 2018, YALA adopted FASB ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. YALA has adjusted the presentation of the financial statements accordingly. The new standard changes the following aspects of YALA’s financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions. The temporarily restricted and permanently restricted net asset classes have been renamed net assets with donor restrictions.
- The presentation of functional classification of expenses in a financial statement is supplemented with enhanced disclosures about the methods used to allocate cost among functions and the basis for which to allocate costs between program and supporting expenses (see Note 5).
- Investment expenses are netted against investment income reported in the net asset category in which investment income is reported.
- The financial statements include a new footnote disclosure about the availability and liquidity of resources (see Note 11).

The following table presents the effect on YALA’s previously reported net asset balances at June 30, 2018:

	ASU 2016-14 Classifications		
	Without donor restrictions	With donor restrictions	Total net assets
As previously presented:			
Unrestricted	\$ 1,348,717	\$ -	\$ 1,348,717
Temporarily restricted		7,690	7,690
Permanently restricted	-	20,000	20,000
Net assets as previously presented	\$ 1,348,717	\$ 27,690	\$ 1,376,407

Future Accounting Pronouncements

In May 2014, FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*. This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. These amendments are effective for the fiscal year beginning July 1, 2019. Early adoption with certain restrictions is permitted. YALA is currently evaluating the impact of the guidance on the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Pronouncements (Continued)

In June 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which YALA serves as a resource recipient for the fiscal year beginning July 1, 2019. Early adoption is permitted. YALA is currently evaluating the impact of the guidance on its financial statements.

In August 2018, FASB issued ASU No. 2018-13, *Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The guidance modifies the disclosure requirements on fair value by removing some requirements, modifying others, adding changes in unrealized gains and losses included in other comprehensive income for recurring Level 3 fair value measurements, and providing the option to disclose certain other quantitative information with respect to significant unobservable inputs in lieu of a weighted average. The guidance is effective for the fiscal year beginning July 1, 2020. Early adoption is permitted. YALA is currently evaluating the impact of the guidance on its financial statements.

A variety of proposed or otherwise potential accounting standards are currently under review and study by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, YALA has not yet determined the effect, if any, that the implementation of such proposed or revised standards would have on the financial statements.

Reclassifications

Certain amounts previously reported in the financial statements for the prior year have been reclassified to conform with the current year classification. Specifically, certain federal grant revenue amounts have been reclassified to contract revenue to further disaggregate total revenues. Accounts receivable have been reclassified from two categories to four categories on the statements of financial position to further disaggregate accounts receivable sources. There was no change to total revenues, total accounts receivable, or net assets as a result of these reclassifications.

NOTE 2 – CASH AND CASH EQUIVALENTS

YALA maintains its cash balances at national financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution for the years ended June 30, 2019 and 2018. At times, the balance may exceed the federally insured amount. The cash balances at June 30, 2019 and 2018 did not exceed the FDIC limits.

NOTE 3 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

For purposes of the beneficial interest, YALA has placed funds on deposit with GNOF. The deposit is a beneficial interest with donor restrictions, to be held in perpetuity by GNOF, with only an income distribution available to YALA each year. GNOF maintains variance power and legal ownership of all contributions made to the beneficial interest.

The beneficial interest is reported at market value as reported by GNOF. See Footnote 4 for further information on the market value of the beneficial interest.

NOTE 4 – FAIR VALUE MEASUREMENTS

FASB ASC Topic 820, *Fair Value Measurements* establishes a framework for measuring fair value in accordance with U.S. GAAP and for disclosures about the fair value measurement. The value hierarchy is based upon the reliability of inputs to the valuation of an asset or liability on the measurement date. The three levels of the fair value hierarchy are described below:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

As required by FASB ASC Topic 820, YALA’s financial instruments were classified as follows:

Fair value measurements of financial instruments at June 30, 2019:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 410,489	\$ -	\$ -	\$ 410,489
Beneficial interest	-	-	27,747	27,747
Total	\$ 410,489	\$ -	\$ 27,747	\$ 438,236

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair value measurements of financial instruments at June 30, 2018:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 379,720	\$ -	\$ -	\$ 379,720
Beneficial interest	-	-	27,690	27,690
Total	\$ 379,720	\$ -	\$ 27,690	\$ 407,410

YALA had the following beneficial interest-related activities included in beneficial interest in assets held by others for the years ended:

<i>For the years ended June 30,</i>	2019	2018
Beginning balance	\$ 27,690	\$ 26,683
Interest and dividend income	1,350	191
Realized and unrealized gains (losses)	-	2,071
Disbursements and other fees	(1,293)	(1,255)
Ending beneficial interest in assets	\$ 27,747	\$ 27,690

NOTE 5 – FUNCTIONAL EXPENSES

As required under FASB Accounting Standards Update (“ASU”) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, YALA has presented statements of functional expense as part of its financial statements. Any costs related to activities that constitute direct conduct or direct supervision of program service are program service expenses. Any costs related to program administration or fundraising are functionally classified as supporting service expenses. The financial statements of YALA report certain categories of expenses that are attributable to more than one program or supporting function.

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Salaries and benefits, professional services, and payroll taxes have been allocated on the basis of time and effort. Rent and insurance have been allocated based on square footage. Accounting, program supplies, fundraising activities, travel/conferences, advertising, computer/website, staff/board development, field trips and transportation, cooperative funding, office supplies, community outreach, telephone, dues/memberships/subscriptions, interest and bank charges, postage, parking, miscellaneous, and investment advisor fees have been allocated based on actual expenses.

NOTE 6 – COOPERATIVE FUNDING EXPENSE

The national Young Audiences organization computes YALA’s share of cooperative funding based upon their eligible revenues compared to revenues of all chapters. Cooperative funding for the years ended June 30, 2019 and 2018 totaled \$17,900 and \$17,178, respectively.

NOTE 7 – OPERATING LEASES

On June 1, 2017, YALA entered into a lease agreement with a minimum rental payment of \$2,326 per month set to expire December 31, 2018. The lease was renewed on January 1, 2019 with a minimum rental payment of \$2,388 per month set to expire December 31, 2019.

Future minimum rental payments for the office space, as of June 30, 2019 are as follows:

Year ended June 30,

2020	\$ 14,328
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Total rent expense for operating leases at June 30, 2019 and 2018 was \$29,463 and \$32,493, respectively.

NOTE 8 – CONCENTRATIONS

A significant amount of contributions has historically been provided by a few major contributors. For the years ended June 30, 2019 and 2018, YALA received approximately 13% and 15%, respectively, of its revenues and 17% and 24% of its receivables, respectively, from a single contract. Additionally, for the years ended June 30, 2019 and 2018, YALA received 20% and 13%, respectively, of its revenues and 34% and 9% of its receivables, respectively, from federal grants.

NOTE 9 – RELATED PARTY TRANSACTIONS

YALA recorded approximately \$1,413,985 and \$1,406,372 in revenue (include in Program fees in the accompanying statements of activities) from Young Audiences Charter School for certain services provided by YALA during the years ended June 30, 2019 and 2018, respectively, of which, \$392,890 and \$437,444 were outstanding at June 30, 2019 and 2018, respectively, and recorded in “Due from related party” in the accompanying statements of financial position. Those services were primarily for arts and culture education programs, along with management oversight and staff training. In addition, certain in-kind services related to the start-up of Young Audiences Charter Association were provided by YALA during the years ended June 30, 2019 and 2018. No amounts have been reflected in the accompanying statements of financial position for these in-kind services since they do not meet the criteria for recognition under FASB ASC 958, *Not-for-Profit Entities*.

YALA received \$20,000 in donations from a Board member for the year ended June 30, 2019. YALA paid approximately \$6,381 to related parties for performances during the year ended June 30, 2019.

NOTE 10 – GRANTS RECEIVABLE

Grants receivable at June 30, 2019 and 2018 is comprised of the following balances:

At June 30,	2019	2018
Assistance for Arts Education Development and Dissemination	\$ 74,027	\$ -
Twenty-First Century Community Learning Centers	250,435	63,722
Total federal grants receivable	\$ 324,462	\$ 63,722

NOTE 11 – AVAILABILITY AND LIQUIDITY OF RESOURCES

YALA has \$1,658,059 of financial assets available within one year of the statement of financial position dated June 30, 2019, consisting of cash and cash equivalents on \$270,544, accounts receivable of \$949,279, investments of \$410,489 and beneficial interest in assets held by others of \$27,747. The beneficial interest in assets held by others is restricted in perpetuity and not available for general expenditure. There were no other restrictions on these assets which would make them unavailable for general expenditure within one year of the financial position date. Management believes it has appropriate available financial resources to meet general expenditures for at least one year from the date of financial position.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 27, 2019, the date the financial statements were available to be issued and no other events have occurred which require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



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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

Board of Directors
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. ("YALA") (a non-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements 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 December 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered YALA'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of YALA's internal control. Accordingly, we do not express an opinion on the effectiveness of YALA'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 YALA'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 YALA'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 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 instance 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 YALA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YALA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cam, Riggs & Ingram, L.L.C.

December 27, 2019

**Young Audiences of Louisiana, Inc.
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

SECTION I – SUMMARY OF AUDITORS’ REPORTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors’ report issued: | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified not considered to be a material weakness? | No |
| c. Noncompliance material to financial statements noted? | No |

SECTION II – FINANCIAL STATEMENTS FINDINGS

No findings noted.



**Young Audiences of Louisiana, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENTS FINDINGS

No findings noted.



Supplementary Information

Young Audiences of Louisiana, Inc.
Schedule of Compensation, Benefits and
Other Payments Made to Agency Head
For the Year Ended June 30, 2019

Agency Head Name: Rickie Nutik, CEO

PURPOSE	AMOUNT
Salary	\$ 105,000
Benefits - Health Insurance	-
Benefits - Retirement	-
Deferred compensation	-
Workers compensation	-
Benefits - Life Insurance	-
Benefits - Long-Term disability	-
Benefits - FICA & Medicare	8,032
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	5,169
Unvouchered expenses	-
Meetings & conventions	-
Other	-
	\$ 118,201

Note: Ms. Nutik participates in a retirement plan, but no employer match is offered at this time.

See independent auditor's report.

Young Audiences of Louisiana, Inc.

Statewide Agreed-Upon Procedures Report

For the Year Ended June 30, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Young Audiences of Louisiana, Inc.
New Orleans, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Board of Directors of Young Audiences of Louisiana, Inc. ("the Organization") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period July 1, **2018** through June 30, 2019. The Organization is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following category and subcategories (if applicable to public funds and the entity's operations):
 - a) ***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.

Results: Exception noted. The Organization does not have a Disaster Recovery/Business Continuity policy in place.

Bank Reconciliations

2. Obtain a listing of client 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 four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

2. **Results: No exceptions were found as a result of applying the procedure.**

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

Results: Exceptions noted. Two of the two selected bank reconciliations were not evidenced as prepared within two months of the related statement closing date.

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., initiated and dated, electronically logged); and

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as result of applying the procedure.

Collections

3. 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 five deposit sites (or all deposit sites if less than five).

Results: No exceptions were found as a result of applying the procedure.

4. For the one deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Select the one collection location for the one deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: No exceptions were found as a result of applying the procedure.

- 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 verifies the reconciliation.

Results: No exceptions were found as a result of applying the procedure.

- 5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: No exceptions were found as a result of applying the procedure.

- 6. Randomly select two deposit dates for each of the two bank accounts selected for procedure #2 under "Bank Reconciliations" above. Obtain supporting documentation for each of the deposits and:

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- d) Observe that the deposit was made within one business day of collection (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Results: Exceptions noted. Two of the two deposits selected were not deposited within one business day of collection.

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

Results: No exceptions were found as a result of applying the procedure.

Credit Cards/Debit Cards

7. 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.

Results: No exceptions were noted as a result of applying the procedure.

8. 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:
 - a) Observe that 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) was 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.]]

Results: No exceptions were noted as result of applying the procedure.

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

Results: No exceptions were noted as result of applying the procedure.

9. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select ten transactions (or all transactions if less than ten) from each statement, and obtain supporting documentation for the transactions. For each transaction, observe that 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).

Results: Exceptions noted. A total of two monthly credit card statements were selected for testing. For one monthly credit card statement, no supporting documentation was provided for four out of ten selected transactions.

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 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.

The purpose of this report is solely to describe the scope of procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, 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.

Cam, Riggs & Ingram, L.L.C.

December 27, 2019



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December 27, 2019

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Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
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Suite 350
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures
Young Audiences of Louisiana, Inc.

Dear Sirs:

Young Audiences of Louisiana, Inc. ("YALA") will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Specific responses are as follows:

Statewide AUP Results:

Written Policies, Disaster Recovery/Business Continuity: YALA does not have a Disaster Recovery/Business Continuity policy in place.

Management Response: Policies are being updated to address items above.

Bank Reconciliations: Two of the two selected bank reconciliations were not evidenced as prepared within 2 months of the related statement closing date.

Management Response: Policies are being updated to address items above.

President

Marguerite Moisis

Board of Directors

Dr. Tamer Acikalin
Bradley D. Bain
Cynthia Beaulieu
Melissa Booth
Ali Cantino
Stella Del Bianco
Anita Demps
Krystle Ferbos
Pam Georges
Ana Gershanik
Kim Glazer Goldberg
Terrence Humphrey
Allison Kupperman
Emily Marcotte
Carrie B. Marks
Beverly Matheney
Demetric M. Mercadel
Joyce Pulitzer
Teva Sempel
Tracy J. Stewart
Jamelyn Trucks
Elizabeth M. Williams
Tyree C. Worthy
Tamara J. Wyre
Joan Zaslow
Max Zwain

National Board Member

Mary Nass

Legacy Council

Ivy Kushner
Gail Barnes McKenna

Advisory Board

Dr. Glenda Allen-Jones
Terrance Osborne
Gary Solomon Jr
Nell Nolan Young

Chief Executive Officer

Rickie Nutik

Associate Director

Richard Bates

Collections- Two of the two deposits selected were not deposited within one business day of collection.

Management Response: Policies are being updated to address items above.

Credit Cards: There was no original itemized receipt for four out of twenty credit card transactions selected.

Management Response: Policies are being updated to address items above.

Sincerely,

A handwritten signature in black ink that reads "Richard Bates". The signature is written in a cursive style with a large initial "R".

Richard Bates
Associate Director