Consolidated Financial Report

Louisiana Endowment for the Humanities and Prime Time Family Reading

October 31, 2018

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS
A LIMITED LIABILITY COMPANY

Consolidated Financial Report

Louisiana Endowment for the Humanities and Prime Time Family Reading

October 31, 2018

TABLE OF CONTENTS

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

October 31, 2018 and 2017

TABLE OF CONTENTS (Continued)

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

October 31, 2018 and 2017

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Louisiana Endowment for the Humanities and Prime Time Family Reading (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of October 31, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's

P.O. Box 60600 • NEW ORLEANS, LA 70160-0600 504.831.4949 BOURGEOISBENNETT.COM

internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Louisiana Endowment for the Humanities and Prime Time Family Reading as of October 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's October 31, 2017 consolidated financial statements, and our report dated July 9, 2018, expressed an unmodified opinion, on those consolidated financial statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended October 31, 2017, is consistent, in all material respects, with the 2017 audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information (Schedules 1 and 2) is presented for the purposes of additional analysis and is not a required part of the basic consolidated financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer (Schedule 3) is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513(A)(3) and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Requirements by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 16, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance with the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
July 16, 2019.

Exhibit A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

October 31, 2018
(with comparative totals for 2017)

ASSETS

	2018	2017
Assets		
Cash and cash equivalents	$ 1,792,234	$ 1,570,214
Accounts receivable, net	1,015,033	746,465
Inventory	16,548	-
Investments	2,278,673	2,254,275
Prepaid expense	17,591	90,311
Property and equipment, net	2,734,796	2,464,418
Art collections	333,706	333,706
Total assets	$ 8,188,581	$ 7,459,389

LIABILITIES AND NET ASSETS

	2018	2017
Liabilities		
Accounts payable and accrued liabilities	$ 491,134	$ 222,641
Unearned subscription revenue	8,756	9,255
Total liabilities	499,890	231,896
Net Assets		
Unrestricted:		
General	4,356,562	4,195,687
Building	2,023,962	1,999,342
Temporarily restricted	964,917	689,214
Permanently restricted	343,250	343,250
Total net assets	7,688,691	7,227,493
Total liabilities and net assets	$ 8,188,581	$ 7,459,389

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

Louisiana Endowment for the Humanities
and
Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2018
(with comparative totals for 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Totals	2017 Totals
Support and Revenues					
Contributions and other grants	$ 328,181	$ 1,324,000	$ -	$ 1,652,181	$ 1,526,058
National Endowment for the Humanities Grants	-	851,407	-	851,407	787,592
DHH Head Start Grant	-	4,779,410	-	4,779,410	4,601,586
USDA Grant	-	271,032	-	271,032	-
Program income	319,926	-	-	319,926	214,258
Building income	220,285	-	-	220,285	221,420
Other	82,732	-	-	82,732	149,819
Investment income, net	51,809	8,339	-	60,148	217,823
Net assets released from restrictions	6,958,485	(6,958,485)	-	-	-
Total support and revenues	7,961,418	275,703	-	8,237,121	7,718,556
Expenses					
Salaries and benefits	3,292,324	-	-	3,292,324	2,419,928
Consultants expense	2,030,727	-	-	2,030,727	1,976,206
Other operating expense	848,517	-	-	848,517	468,310
Supplies and materials expense	747,319	-	-	747,319	605,540
Building expense	206,970	-	-	206,970	225,789
Depreciation	143,877	-	-	143,877	114,032
Regrants	116,472	-	-	116,472	72,859
Printing expense	111,700	-	-	111,700	113,100
Equipment expense	103,319	-	-	103,319	16,694
Travel expense	92,073	-	-	92,073	100,319
Meetings and events	82,625	-	-	82,625	56,129
Total expenses	7,775,923	-	-	7,775,923	6,168,906
Change in Net Assets	185,495	275,703	-	461,198	1,549,650
Net Assets					
Beginning of year	6,195,029	689,214	343,250	7,227,493	5,677,843
End of year	$ 6,380,524	$ 964,917	$ 343,250	$ 7,688,691	$ 7,227,493

See notes to consolidated financial statements.

Exhibit C

CONSOLIDATED STATEMENT OF CASH FLOWS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2018
(with comparative totals for 2017)

	2018	2017
Cash Flows From Operating Activities		
Change in net assets	$ 461,198	$ 1,549,650
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net unrealized and realized gains on investments	(23,145)	(186,245)
Loss on disposal of property and equipment	9,711	-
Depreciation	143,877	114,032
Changes in assets and liabilities:		
Increase in accounts receivable	(268,568)	(706,340)
Increase in inventory	(16,548)	-
(Increase) decrease in prepaid expense	72,720	(90,311)
Decrease in accounts payable and accrued liabilities	268,493	15,727
(Decrease) increase in unearned subscription revenue	(499)	9,255
Net cash provided by operating activities	647,239	705,768
Cash Flows From Investing Activities		
Purchases of property and equipment	(423,966)	(1,021,351)
Purchases of investments securities	(1,996,413)	(793,709)
Proceeds from sale of investments	1,995,160	786,844
Net cash used in investing activities	(425,219)	(1,028,216)
Net Increase (Decrease) in Cash and Cash Equivalents	222,020	(322,448)
Cash and Cash Equivalents		
Beginning of year	1,570,214	1,892,662
End of year	$ 1,792,234	$ 1,570,214

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

October 31, 2018 and 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

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

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

b. Consolidation Policy

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

c. Basis of Accounting

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e. Financial Statement Presentation

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

Unrestricted Net Assets - Contributions and other revenue and expenses for the general operation of the Organization.

Temporarily Restricted Net Assets - Contributions and other revenues specifically authorized by the donor or grantor to be used for a certain purpose or to benefit a specific accounting period.

Permanently Restricted Net Assets - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the Organization.

f. Cash and Cash Equivalents

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

g. Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual receivable balances. As of October 31, 2018 and 2017, no such allowance was deemed necessary.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Inventory

Inventory is stated at the lower of cost or net realizable value using the first in, first out method. The inventory balance was $16,548 as of October 31, 2018. There was no inventory on hand as of October 31, 2017.

i. Promises to Give

Unconditional promises to give are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. There were $250,000 and $500,000 of conditional promises to give as of October 31, 2018 and 2017, respectively.

j. Investments

Investments in exchange traded funds and money market funds are reported at their fair values in the Consolidated Statements of Financial Position.

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

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

k. Property and Equipment

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Property and Equipment (Continued)

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

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

l. Art Collections

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

m. Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as net assets released from restrictions.

n. Tax Matters

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

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Tax Matters (Continued)

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of October 31, 2018, management of the Organization believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years October 31, 2015 and later remain subject to examination by the taxing authorities.

o. Functional Allocation of Expenses

The costs of providing the various programs and supporting services are summarized in Note 10. Certain expenses have been allocated among the programs and supporting services based on management's estimate of the costs involved.

p. Subsequent Events

Management evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that effect the consolidated financial statements. Subsequent events have been evaluated through July 16, 2019, which is the date the consolidated financial statements were available to be issued.

Note 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash accounts at several financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to $250,000. The Organization also has cash equivalent accounts with a brokerage firm. The Securities Investor Protection Corporation insures these accounts up to $250,000. Uninsured or non-guaranteed cash and cash equivalent balances were approximately $540,000 as of October 31, 2018.

Note 3 - ACCOUNTS RECEIVABLE

The accounts receivable as of October 31, 2018 and 2017 are as follows:

	2018	2017
Grants Receivable:		
Helis Foundation	$ 467,231	$ -
National Endowment for the Humanities	184,920	412,977
Office of Head Start	108,386	277,480
Child and Adult Care Food Program	69,898	-
Trade Accounts Receivable		
Program specific grants	108,385	3,000
Prime Time Reading Program contracts	29,422	21,650
Tri-centennial Book Publication	23,188	-
64 Parishes advertising	13,790	17,944
Building receivables	9,813	13,414
	$1,015,033	$746,465

Note 4 - INVESTMENTS

Investments as of October 31, 2018 and 2017 are comprised of the following:

	2018		
	Cost	Fair Market Value	Excess of Market Over Cost (Cost Over Market)
Exchange traded funds	$ 770,023	$ 762,243	$ (7,780)
Equity funds	674,217	661,901	(12,316)
Bond funds	491,382	476,931	(14,451)
Individual investment securities managed by a financial institution	1,935,622	1,901,075	(34,547)
Community Foundation Northwest Louisiana Pooled Investment Fund	239,752	319,174	79,422
Greater New Orleans Foundation Pooled Investment Fund	44,482	58,424	13,942
Totals	$2,219,856	$2,278,673	$ 58,817

Note 4 - INVESTMENTS (Continued)

	2017		
	Cost	Fair Market Value	Excess of Market Over Cost
Exchange traded funds	$1,597,689	$1,777,367	$179,678
Money market funds	92,946	92,946	-
Individual investment securities managed by a financial institution	1,690,635	1,870,313	179,678
Community Foundation Northwest Louisiana Pooled Investment Fund	250,097	323,280	73,183
Greater New Orleans Foundation Pooled Investment Fund	44,781	60,682	15,901
Totals	$1,985,513	$2,254,275	$268,762

	2018		
	Cost	Market	Excess of Market Over Cost
Balances, October 31, 2018	$2,219,856	$2,278,673	$ 58,817
Balances, October 31, 2017	$1,985,513	$2,254,275	268,762
Decrease in unrealized appreciation			(209,945)
Net realized gains			233,090
Interest and dividend income, net			37,003
Total investment income, net			$ 60,148

Note 4 - INVESTMENTS (Continued)

	2017		
	Cost	Market	Excess of Market Over Cost
Balances, October 31, 2017	$1,985,513	$2,254,275	$268,762
Balances, October 31, 2016	$1,964,470	$2,061,165	96,695
Increase in unrealized appreciation			172,067
Net realized gains			14,178
Interest and dividend income, net			31,578
Total investment income, net			$217,823

Note 5 - FAIR VALUE MEASUREMENTS

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

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

Level 2 - Inputs to the valuation methodology include:

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

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

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

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

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

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

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

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

- *Investment Pools*: Valued using the NAV as reported by the custodians. The NAV are determined based on the fair value of the underlying investments. The custodians of these portfolios use independent pricing services, where available, to value the securities included in the portfolios. If an independent pricing service does not value a security or the value is not, in the view of the custodian, representative of the market value, the custodians will attempt to obtain a price quote from a secondary pricing source, which may include third party brokers, investment advisors, and the principal market makers or affiliated pricing services. If a secondary source is unable to provide a price, the custodian may obtain a quotation from the counterparty that sold the security. The investment pools are included in Level 2 of the fair value hierarchy.

- *Money Market Funds:* Valued at cost which approximates fair value. These are included in Level 1 of the fair value hierarchy.

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

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

Assets measured at fair value on a recurring basis as of October 31, 2018 and 2017 are comprised of and determined as follows:

	2018			
	Based on			
Description	Total Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Exchange traded funds:				
Growth	$ 296,521	$ 296,521	$ -	$ -
Value	285,694	285,694	-	-
Emerging markets	77,272	77,272	-	-
Real estate fund	102,754	102,754	-	-
Mutual funds:				
Foreign large growth	275,044	275,044	-	-
Small growth	187,948	187,948	-	-
Infrastructure	104,163	104,163	-	-
Natural resource	94,746	94,746	-	-
Bond funds:				
Intermediate bond	192,996	192,996	-	-
Non-traditional bond	185,793	185,793	-	-
Bank loan	98,144	98,144	-	-
Pooled investment funds	377,598	-	377,598	-
Total investments	$2,278,673	$1,901,075	$377,598	$ -

Note 5 - FAIR VALUE MEASUREMENTS (Continued)

	2017			
	Based on			
Description	Total Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments:				
Exchange traded funds:				
Large blend	$ 569,382	$ 569,382	$ -	$ -
Intermediate government	306,090	306,090	-	-
Corporate bond	249,565	249,565	-	-
Short-term government	153,465	153,465	-	-
Mid-blend	121,104	121,104	-	-
Other	377,760	377,760	-	-
Money market funds	92,947	92,947	-	-
Pooled investment funds	383,962	-	383,962	-
Total investments	$2,254,275	$1,870,313	$383,962	$ -

As of October 31, 2018 and 2017, there were no assets measured at fair value on a non-recurring basis.

Note 6 - PROPERTY, BUILDING, AND EQUIPMENT

Property, building, and equipment as of October 31, 2018 and 2017 consists of the following:

	2018	2017
Land	$ 606,674	$ 606,674
Building	2,082,900	2,022,055
Leasehold improvements	1,089,802	790,183
Equipment	270,471	232,110
Construction in progress	15,000	-
	4,064,847	3,651,022
Less accumulated depreciation	(1,330,051)	(1,186,604)
Property and equipment, net	$2,734,796	$2,464,418

Depreciation expense totaled $143,877 and $114,032 for the years ended October 31, 2018 and 2017, respectively.

Note 7 - COMPENSATED ABSENCES AND ACCRUED EMPLOYEE BENEFITS

Certain full time employees are entitled to paid time off depending on length of service and other factors. Accrued paid time off included in accounts payable and accrued liabilities was $84,341 and $56,198 as of October 31, 2018 and 2017, respectively.

Note 8 - RESTRICTIONS ON NET ASSETS

Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted by donors for a specific accounting period or purpose. These restrictions are considered to expire when payments for a specific accounting period or purpose are made. As of October 31, 2018 and 2017, temporarily restricted net assets are as follows:

	2018	2017
Restricted capital campaign contributions	$454,011	$ 7,374
Prime Time Program	355,210	365,994
National Endowment for the Humanities	121,348	275,134
Earnings - endowment fund	34,348	40,712
Totals	$964,917	$689,214

During the years ended October 31, 2018 and 2017, net assets released from donor restrictions by incurring expenses satisfying the restricted purposes are as follows:

	2018	2017
DHH Head Start	$4,779,410	$4,686,275
National Endowment for the Humanities	805,059	931,573
Prime Time Program	794,091	704,633
USDA Child and Adult Care Food Program	271,032	-
Other grants	240,827	214,121
Capital Campaign	53,363	-
Earnings - endowment fund	14,703	14,768
Totals	$6,958,485	$6,551,370

Note 9 - ENDOWMENT

Management is of the belief that they have a strong fiduciary duty to manage the assets of the Organization's endowments in the most prudent manner possible. Management recognizes that the intent of the endowment is to protect the donor with respect to expenditures from endowments. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in unrestricted net assets.

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

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

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

- the original value of gifts donated to the permanent endowment;
- the original value of subsequent gifts to the permanent endowment; and
- accumulations to the permanent endowment, made in accordance with the donor's amended "Agreement to Donate".

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the language of UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Note 9 - ENDOWMENT (Continued)

Net endowment assets as of October 31, 2018 and 2017 consist of the following:

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$34,348	$343,250	$377,598

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$40,712	$343,250	$383,962

Changes in endowment funds net assets for the years ended October 31, 2018 and 2017 are as follows:

	October 31, 2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Endowment net assets, beginning of the year	$ -	$40,712	$343,250	$383,962
Investment income	-	8,339	-	8,339
Distributions	-	(14,703)	-	(14,703)
Endowment net assets, end of the year	$ -	$34,348	$343,250	$377,598

Note 9 - ENDOWMENT (Continued)

	October 31, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Endowment net assets, beginning of the year	$ -	$14,398	$343,250	$357,648
Investment income	-	41,082	-	41,082
Distributions	-	(14,768)	-	(14,768)
Endowment net assets, end of the year	$ -	$40,712	$343,250	$383,962

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of permanently restricted contributions. There were no such deficiencies in permanently restricted net assets as of October 31, 2018 and 2017.

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

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

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

Note 10 - FUNCTIONAL EXPENSES

The functional expenses for the years ended October 31, 2018 and 2017 consist of the following:

	2018	2017
Program Services:		
Head Start Program	$3,867,440	$2,531,091
Prime Time Reading Program	773,983	774,506
Louisiana Humanities Center	145,446	311,739
64 Parishes	300,539	192,397
Other content	149,310	163,755
	5,236,718	3,973,488
Supportive Services:		
Management and general	2,321,771	2,048,606
Fundraising	217,434	146,812
	2,539,205	2,195,418
Totals	$7,775,923	$6,168,906

Note 11 - RETIREMENT PLAN

The Organization sponsors a defined contribution plan covering all employees 21 years or older. The participant becomes fully vested after five years. The Organization decides the profit sharing contribution, if any, to contribute each year to the individual retirement accounts for eligible employees based on a percentage of annual compensation. There was no profit sharing contributions for the years ended October 31, 2018 and 2017. For the years ended October 31, 2018 and 2017, there was a matching contribution of employee elective deferrals up to 4%. Contributions to the plan for the years ended October 31, 2018 and 2017 totaled $26,267 and $30,880, respectively.

Note 12 - COMMITMENTS

The Organization entered into a five year contract commencing September 1, 2016, with a third party to perform functions associated with recruitment, teacher coaching and mentoring, health, family services, mental health and disabilities, and monitoring for Head Start programs in Monroe, Louisiana. The contract is estimated to cost $1,332,455 for the first year and $1,255,455 for each following year. The Organization incurred $1,284,981 and $1,255,455 in contract expenses for the years ended October 31, 2018 and October 31, 2017, respectively.

The Organization entered into a contract commencing May 22, 2017 related to meal preparation for the students in Monroe, Louisiana. The contract expired August 20, 2018 and was renewed on August 21, 2018 and expires July 31, 2019. The contracts call for a fixed amount per meal provided. The Organization incurred costs of $181,386 and $96,402 associated with these contracts during the years ended October 31, 2018 and 2017, respectively.

Note 13 - LEASE AGREEMENTS

On October 19, 2016, the Organization entered into a lease agreement for building space with the Housing Authority of the City of Monroe. No monthly rent is being charged by the Housing Authority of the City of Monroe, and the Organization is responsible for paying the sum of $500 per month for deferred maintenance through August 31, 2021.

On June 27, 2017, the Organization entered into a lease agreement for building space commencing on June 1, 2017 with the Monroe City School Board. No monthly rent is being charged by the Monroe City School Board, and the Organization is responsible for paying all repair and maintenance expenses through June 30, 2022.

On March 14, 2017, the Organization entered into a lease agreement for building space commencing December 1, 2016 with the Ouachita Parish School Board. No monthly rent is being charged by the Ouachita Parish School Board, and the Organization is responsible for paying all repair and maintenance expenses through November 30, 2021.

On October 31, 2018, the Organization entered into a lease agreement with a local church for building space commencing October 31, 2018 and expiring on July 31, 2019. Monthly rent is $5,000, and the Organization is responsible for paying all repair and maintenance expenses through July 31, 2019.

Note 13 - LEASE AGREEMENTS (Continued)

Minimum future rental payments under non-cancellable cooperation leases are as follows:

Year Ending December 31,	
2019	$45,000

Note 14 - RENTAL INCOME UNDER OPERATING LEASES

The Organization maintains agreements to lease portions of its New Orleans office building. These lease terms range from $250 to $3,630 per month, and expire through December 31, 2019. A significant portion of leases are on a month-to-month basis. The future minimum rentals under these non-cancelable operating leases as of October 31, 2018 are as follows:

Year Ending December 31,	
2019	$16,845
2020	2,250
Total	$19,095

For the years ended October 31, 2018 and 2017, income from these leases totaled $220,285 and $221,420, respectively.

Note 15 - RELATED PARTY

During the years ended October 31, 2018 and 2017, a related party provided business consulting and accounting preparation services to the Organization. The Organization incurred expenses of $115,047 and $94,414 during the years ended October 31, 2018 and 2017, respectively, for these services.

Note 16 - ECONOMIC DEPENDENCY

The Organization receives a substantial portion of its revenue from grants provided by the National Endowment for the Humanities and the Department of Health and Human Services. The grant amounts are appropriated each year by the federal government. If significant budget cuts are made at the federal level, the amount of the funds the Organization receives could be reduced significantly and have an adverse impact on its operations. As of July 16, 2019, management was not aware of any actions taken that would adversely affect the amount of funds the Organization will receive in the next fiscal year. Approximately 70% of the support was received from the National Endowment for the Humanities and the Department of Health and Human Services for both the years ended October 31, 2018 and 2017.

SUPPLEMENTAL INFORMATION

CONSOLIDATING STATEMENT OF ACTIVITIES

Louisiana Endowment for the Humanities
and
Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2018

	Louisiana Endowment For The Humanities	Prime Time Family Reading	Totals
Support and Revenues			
Grants	$ 806,457	$ 5,100,441	$ 5,906,898
Contributions	1,473,822	173,310	1,647,132
Program income	319,926	-	319,926
Building income	220,285	-	220,285
Other	82,661	71	82,732
Investment income	59,310	838	60,148
Total support and revenues	2,962,461	5,274,660	8,237,121
Expenses			
Salaries and benefits	1,234,645	2,057,679	3,292,324
Consultants expense	625,567	1,405,160	2,030,727
Other operating expense	360,186	488,331	848,517
Supplies and materials expense	216,014	531,305	747,319
Building expense	78,548	128,422	206,970
Depreciation	88,402	55,475	143,877
Regrants	116,472	-	116,472
Printing expense	111,700	-	111,700
Equipment expense	60,300	43,019	103,319
Travel expense	72,220	19,853	92,073
Meetings and events	76,811	5,814	82,625
Allocated expenses	(444,819)	444,819	-
Total expenses	2,596,046	5,179,877	7,775,923
Change in net assets	366,415	94,783	461,198
Net Assets			
Beginning of year	6,114,130	1,113,363	7,227,493
End of year	$ 6,480,545	$ 1,208,146	$ 7,688,691

CONSOLIDATED STATEMENT OF ACTIVITIES BY LEDGER

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

For the year ended October 31, 2018

	NEH Grant SO-253157-17	NEH Challenge Grants ZH-252963-17	USDA Child and Adult Care Food Program 623997843	DHH Head Start Grant 06CH010448	Permanently Restricted Endowment Fund	Earnings on Endowment Fund	Capital Restricted Contributions	Education Program	Content Program	General and Administrative	Head Start	Building	Totals
Support and Revenues													
Grants	$ 801,407	$ -	$ 271,032	$ 4,779,410	$ -	$ -	$ -	$ 5,000	$ -	$ 50	$ 49,999	$ -	$ 5,906,898
Contributions	-	50,000	-	-	-	-	500,000	778,307	40,693	104,822	173,310	-	1,647,132
Program income	-	-	-	-	-	-	-	-	-	319,926	-	-	319,926
Building income	-	-	-	-	-	-	-	-	-	-	-	220,285	220,285
Investment income	-	-	-	-	-	8,339	-	-	-	50,971	838	-	60,148
Other income	-	-	-	-	-	-	-	-	-	82,661	71	-	82,732
Total support and revenues	801,407	50,000	271,032	4,779,410	-	8,339	500,000	783,307	40,693	558,430	224,218	220,285	8,237,121
Expenses													
Salaries and benefits	433,029	-	15,168	2,040,336	-	-	53,363	259,149	118,255	370,849	2,175	-	3,292,324
Consultants expense	107,558	-	39,805	1,429,387	-	-	-	349,352	83,123	21,502	-	-	2,030,727
Other operating expense	82,731	-	46,887	352,682	-	-	-	41,273	114,747	121,435	88,762	-	848,517
Supplies and materials expense	23,268	3,314	169,172	379,840	-	-	-	130,517	16,080	25,128	-	-	747,319
Building expense	1,130	-	-	-	-	-	-	-	155	-	128,422	77,263	206,970
Depreciation	-	-	-	52,401	-	-	-	-	-	-	3,074	88,402	143,877
Regrants	84,999	-	-	-	-	-	-	-	26,237	5,236	-	-	116,472
Printing expense	4,499	291	-	22,646	-	-	-	4,942	40,257	39,065	-	-	111,700
Equipment expense	25,813	-	-	30,665	-	-	-	-	406	34,081	12,354	-	103,319
Travel expense	16,065	47	-	22,081	-	-	-	7,645	954	45,281	-	-	92,073
Meetings and events	22,315	-	-	4,553	-	-	-	1,213	784	52,499	1,261	-	82,625
Allocated expenses	-	-	-	444,819	-	-	-	-	-	(444,819)	-	-	-
Total expenses	801,407	3,652	271,032	4,779,410	-	-	53,363	794,091	400,998	270,257	236,048	165,665	7,775,923
Intercompany rent eliminated	-	-	-	-	-	-	-	-	-	30,000	-	(30,000)	-
Increase (decrease) in net assets	-	46,348	-	-	-	8,339	446,637	(10,784)	(360,305)	318,173	(11,830)	24,620	461,198
Transfer between funds	-	-	-	-	-	(14,703)	-	-	160,170	(145,467)	-	-	-
Net Assets													
Beginning of year	-	75,000	-	-	343,250	40,712	7,374	365,994	200,135	3,203,560	992,126	1,999,342	7,227,493
End of year	$ -	$ 121,348	$ -	$ -	$ 343,250	$ 34,348	$ 454,011	$ 355,210	$ -	$ 3,376,266	$ 980,296	$ 2,023,962	$ 7,688,691

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

Louisiana Endowment for the Humanities and Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2018

Agency Head Name: Miranda Restovic, President/Executive Director

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

* None of the President/Executive Director's salary, benefits, and other compensation is paid through public funding received from the State of Louisiana.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the consolidated financial statements of Louisiana Endowment for the Humanities and Prime Time Family Reading (the "Organization") (a nonprofit organization), which comprise the consolidated statement of financial position as of October 31, 2018, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated July 16, 2019.

Internal Control Over Financial Reporting

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

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

P.O. Box 60600 • NEW ORLEANS, LA 70160-0600 504.831.4949 BOURGEOISBENNETT.COM

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies as item 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

Organization's Response to Findings

The Organization's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
July 16, 2019.

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

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

Report on Compliance for Each Major Federal Program

We have audited the compliance of Louisiana Endowment for the Humanities and Prime Time Family Reading (the "Organization") (a nonprofit organization), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended October 31, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

P.O. Box 60600 • NEW ORLEANS, LA 70160-0600 504.831.4949 BOURGEOISBENNETT.COM

An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2018.

Other Matters

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

Report on Internal Control Over Compliance

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

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

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

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

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana.
July 16, 2019.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

For the year ended October 31, 2018

Federal Grantor/Program Title	Grant Number	Federal CFDA Number	Federal Expenditures	Subrecipient Costs
National Endowment for the Humanities				
Promotion of the Humanities - Challenge Grants	ZH-252963-17	45.130	$ 3,652	$ -
Promotion of the Humanities - Federal/State Partnership	SO-253157-17	45.129	801,407	84,999
			805,059	84,999
U.S. Department of Agriculture				
Pass-through Programs From:				
Louisiana Department of Education:				
Child and Adult Care Food Program	623997843	10.558	271,032	-
U.S. Department of Health and Human Services				
Head Start Grant	06CH010448	93.600	4,779,410	-
Total expenditures of federal awards			$ 5,855,501	$ 84,999

See accompanying notes to Schedule of Expenditures of Federal Awards.

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

For the year ended October 31, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Louisiana Endowment for the Humanities and Prime Time Family Reading (the "Organization"). The Organization's reporting entity is defined in Note 1 to the financial statements for the year ended October 31, 2018. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

b. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Organization's financial statements for the year ended October 31, 2018. The Organization has elected to use the 10% de minimus indirect cost rate as allowed under Uniform Guidance.

c. Reconciliation of Federal Grant Revenue and Expenditures:

Unobligated funds beginning of year	$ 75,000
Federal grant revenue received in current year:	
National Endowment for the Humanities Grants	851,407
USDA Child and Family Care Food Program Grant	271,032
DHH Head Start Grant	4,779,410
Total federal funds authorized	5,976,849
Less qualified expenditures	(5,855,501)
Unobligated balance of funds, end of year	$ 121,348

(Continued)

Note 2 - HEAD START GRANT WAIVER

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

For the year ended October 31, 2018

Section I - Summary of Auditor's Results

a) Financial Statements

Type of report issued on the financial statements: unmodified

Internal control over financial reporting:

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

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

b) Federal Awards

Internal controls over major programs:

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

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

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

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

c) Identification of Major Programs:

CFDA Number	Name of Federal Program
93.600	U.S. Department of Health and Human Services Head Start Grant
10.558	U. S. Department of Agriculture Child and Adult Care Food Program

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

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

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

Internal Control Over Financial Reporting

2018-001 Late filing of Audit Report with the Louisiana Legislative Auditor within Six Months of the Fiscal Year End (R.S. 24:513 and 24:514)

Criteria - Louisiana Revised Statutes 24:513 and 24:514 require the filing of the Organization's annual audited financial statements with the Louisiana Legislative Auditor's Office within six months of the fiscal year end.

Condition - The Organization was unable to file its annual audited financial statements with the Louisiana Legislative Auditor within six months after fiscal year end.

Cause - State funding was not identified by the auditors on a timely basis.

Effect - The audited financial statements could not be filed with the Louisiana Legislative Auditor's Office within the six months required by Louisiana Revised Statutes 24:513 and 24:514.

Recommendation - We recommend that the audited financial statements be filed on a timely basis with the Legislative Auditor.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements (Continued)

Internal Control Over Financial Reporting (Continued)

2018-001 Late filing of Audit Report with the Louisiana Legislative Auditor within Six Months of the Fiscal Year End (R.S. 24:513 and 24:514) (Continued)

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None.

Compliance and Other Matters

Finding 2018-001 is also considered a compliance finding.

Section III - Federal Award Findings and Questioned Costs

Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended October 31, 2018 related to internal control and compliance material to federal awards.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

Louisiana Endowment for the Humanities
and
Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2018

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

Internal Control Over Financial Reporting

No material weaknesses were noted during the audit of the financial statements for the year ended October 31, 2017.

No significant deficiencies were noted during the audit of the financial statements for the year ended October 31, 2017.

Compliance and Other Matters

There were no compliance findings material to the financial statements reported during the audit for the year ended October 31, 2017.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended October 31, 2017 related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended October 31, 2017.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Louisiana Endowment for the Humanities
and
Prime Time Family Reading

New Orleans, Louisiana

For the year ended October 31, 2018

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

Internal Control Over Financial Reporting

2018-001 Late filing of Audit Report with the Louisiana Legislative Auditor within Six Months of the Fiscal Year End (R.S. 24:513 and 24:514)

Recommendation - We recommend that the audited financial statements be filed on a timely basis with the Legislative Auditor.

Management's Corrective Action - Unresolved - Management will issue the audited financial statements to the Louisiana Legislative Auditor on timely basis and in compliance with Louisiana Revised Statutes 24:513 and 24:514.

Compliance and Other Matters

Finding 2018-001 is also considered a compliance finding.

Section II - Internal Control and Compliance Material to Federal Awards

There were no findings or questioned costs reported during the audit of the financial statements for the year ended October 31, 2018, related to internal control and compliance material to federal awards.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended October 31, 2018.