

YOUNG AUDIENCES CHARTER ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018



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Young Audiences Charter Association
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June 30, 2019

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REPORT REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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REPORT





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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Young Audiences Charter Association as of June 30, 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, the Organization adopted Financial Accounting Standards Board (“FASB”) Accounting Standard 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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statements of financial position; consolidating statements of activities; and schedule of compensation, benefits and other payments made to agency head are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 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 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 the Organization's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

November 15, 2019



**CONSOLIDATED
FINANCIAL STATEMENTS**

Young Audiences Charter Association
Consolidated Statements of Financial Position

<i>June 30,</i>	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,746,453	\$ 1,064,888
Cash restricted for student activities	33,522	21,150
Cash restricted for construction	20,024,935	-
Federal grants receivable	116,477	216,817
Accounts receivable	14,884	9,823
Prepaid expenses	110,644	76,620
Total current assets	22,046,915	1,389,298
Property and equipment, net	5,253,963	574,240
Noncurrent assets		
Prepaid expenses	68,012	102,018
Deposits	19,559	19,559
Total noncurrent assets	87,571	121,577
Total Assets	\$ 27,388,449	\$ 2,085,115
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 244,997	\$ 154,541
Due to related party	392,890	343,965
Accrued expenses	361,772	257,490
Property taxes payable	26,309	-
Total current liabilities	1,025,968	755,996
Noncurrent liabilities		
Bond payable	25,092,518	-
Interest payable	41,633	-
Total noncurrent liabilities	25,134,151	-
Total Liabilities	26,160,119	755,996
Net Assets		
Without donor restrictions	1,189,808	1,307,969
With donor restrictions	38,522	21,150
Total Net Assets	1,228,330	1,329,119
Total Liabilities and Net Assets	\$ 27,388,449	\$ 2,085,115

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

Young Audiences Charter Association
Consolidated Statement of Activities

<i>For the year ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
State public school funds	\$ 8,682,078	\$ -	\$ 8,682,078
Food service	544,557	-	544,557
Federal grant	244,775	5,000	249,775
Donations and contributions	43,185	-	43,185
Other revenue	66,544	38,245	104,789
Net assets released from restrictions	25,873	(25,873)	-
Total revenues and support	9,607,012	17,372	9,624,384
Expenses			
Program services	6,308,144	-	6,308,144
Supporting services			
Management and general	3,417,029	-	3,417,029
Total expenses	9,725,173		9,725,173
Change in net assets	(118,161)	17,372	(100,789)
Net assets at beginning of year	1,307,969	21,150	1,329,119
Net assets at end of year	\$ 1,189,808	\$ 38,522	\$ 1,228,330

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

Young Audiences Charter Association
Consolidated Statement of Activities

<i>For the year ended June 30, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
State public school funds	\$ 6,819,775	\$ -	\$ 6,819,775
Food service	411,268	-	411,268
Federal grant	159,101	-	159,101
Donations and contributions	48,594	-	48,594
Other revenue	62,906	43,078	105,984
Net assets released from restrictions	38,914	(38,914)	-
Total revenues and support	7,540,558	4,164	7,544,722
Expenses			
Program services	4,986,266	-	4,986,266
Supporting services			
Management and general	2,614,050	-	2,614,050
Total expenses	7,600,316	-	7,600,316
Change in net assets	(59,758)	4,164	(55,594)
Net assets at beginning of year	1,367,727	16,986	1,384,713
Net assets at end of year	\$ 1,307,969	\$ 21,150	\$ 1,329,119

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

**Young Audiences Charter Association
Consolidated Statement of Functional Expenses**

<i>For the year ended June 30, 2019</i>	Program Expenses	Supporting Services Expenses	
	Instructional	Management and General	Total
Salaries	\$ 3,558,798	\$ 819,647	\$ 4,378,445
Professional purchased services	1,184,321	513,976	1,698,297
Employee benefits	712,080	138,368	850,448
Transportation services	-	686,552	686,552
Food service	7,868	546,724	554,592
Materials and supplies	275,060	97,434	372,494
Other expenses	115,171	188,543	303,714
Purchased property services	60,796	237,223	298,019
Textbooks, books, workbooks, periodicals	116,277	-	116,277
Insurance	80,895	34,669	115,564
Utilities	78,782	33,763	112,545
Depreciation expense	57,284	24,550	81,834
Other purchased services	32,715	44,002	76,717
Equipment	28,097	9,945	38,042
Interest expense	-	41,633	41,633
Total expenses	\$ 6,308,144	\$ 3,417,029	\$ 9,725,173

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

**Young Audiences Charter Association
Consolidated Statement of Functional Expenses**

<i>For the year ended June 30, 2018</i>	Program Expenses	Supporting Services Expenses	
	Instructional	Management and General	Total
Salaries	\$ 2,862,439	\$ 491,490	\$ 3,353,929
Professional purchased services	1,033,307	582,055	1,615,362
Employee benefits	583,400	77,680	661,080
Transportation services	-	426,486	426,486
Food service	4,486	411,208	415,694
Materials and supplies	117,819	77,290	195,109
Other expenses	89,660	204,444	294,104
Purchased property services	40,639	247,511	288,150
Textbooks, books, workbooks, periodicals	89,962	-	89,962
Insurance	18,101	7,758	25,859
Utilities	58,486	25,065	83,551
Depreciation expense	54,590	23,395	77,985
Other purchased services	-	29,974	29,974
Equipment	33,377	9,694	43,071
Total expenses	\$ 4,986,266	\$ 2,614,050	\$ 7,600,316

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

Young Audiences Charter Association
Consolidated Statements of Cash Flows

<i>For the years ended June 30,</i>	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ (100,789)	\$ (55,594)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	81,834	77,985
Changes in operating assets and liabilities		
Prepaid expenses	(18)	28,418
Federal grants receivable	100,340	(31,895)
Accounts receivable	(5,061)	(9,723)
Accounts payable	90,456	(98,033)
Due to related party	48,925	115,506
Accrued expenses	104,282	55,541
Property taxes payable	26,309	-
Interest payable	41,633	-
Net cash provided by operating activities	387,911	82,205
Cash Flows From Investing Activities		
Purchases of property and equipment	(4,761,557)	(365,195)
Net cash used in investing activities	(4,761,557)	(365,195)
Cash Flows from Financing Activities		
Proceeds from bond issuance	25,092,518	-
Net cash provided by financing activities	25,092,518	-
Net Change in Cash, Cash Equivalents and Restricted Cash	20,718,872	(282,990)
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	1,086,038	1,369,028
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 21,804,910	\$ 1,086,038
Reconciliation to the Consolidated Statements of Financial Position		
Cash and cash equivalents	\$ 1,746,453	\$ 1,064,888
Cash restricted for student activities	33,522	21,150
Cash restricted for construction	20,024,935	-
Total cash, cash equivalents and cash restricted for student activities	\$ 21,804,910	\$ 1,086,038

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

Young Audiences Charter Association Notes to the Consolidated Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

YACA’s initial school year began in August 2013. The Jefferson Parish Public School System (“JPPSS”) granted YACA a Type 1 charter to operate Young Audiences Charter School; YACA is a component unit of JPPSS. YACA has full responsibility for its finances and operations. YACA operated as a K-8 charter school with an average student enrollment of 948 and 757 for the years ended June 30, 2019 and 2018, respectively.

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

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

Basis of Accounting

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

Classification of Net Assets

Consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board (“FASB”). Under FASB, the Organization 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 the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.



Young Audiences Charter Association Notes to the Consolidated Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

Net Assets with Donor Restriction – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2019, net assets with donor restrictions included \$33,522 restricted for student activities and \$5,000 restricted by a federal grant. As of June 30, 2018, net assets with donor restrictions included \$21,150 restricted for student activities.

Use of Estimates

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

Cash and Cash Equivalents

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

For the purposes of the consolidated statements of cash flows, the Organization considers all unrestricted funds and highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Grants and Other Receivables and Allowance for Doubtful Accounts

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of 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.

**Young Audiences Charter Association
Notes to the Consolidated Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Expenses

Prepaid expenses include health insurance premiums and payments made to vendors for services that will benefit periods beyond June 30, 2019 and 2018. YACA has a six-year textbook subscription with Pearson Education, Inc. that was paid in full in 2017 totaling \$204,036. For the years ended June 30, 2019 and 2018, the current portion of prepaid expense was \$110,644 and \$76,620, respectively, and the noncurrent portion was \$68,012 and \$102,018, respectively.

Deposits

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

Property and Equipment

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

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

Machinery and equipment	3-5 years
Building, building improvements, and leasehold improvements	5 years

Income Tax Status

YACA and Friends are tax exempt organizations under Internal Revenue Code Section 501(c)(3) and, as such, are not subject to income tax.

Uncertain Tax Positions

U.S. GAAP requires that the Organization's management evaluate positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization's management has analyzed the tax positions taken by the Organization 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 consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.



Young Audiences Charter Association Notes to the Consolidated Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue

The Organization receives its support primarily from JPPSS as a flow through from the Louisiana State Department of Education and the United States Department of Education.

Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give which are estimated to be uncollectible. Promises to give and contributions are principally received from corporate, school, and individual donors around the United States. Both promises to give and contributions are considered available for use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and net assets with donor restrictions in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as support without donor restrictions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases those net asset classes. When a restriction expires, the net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Functional Expenses

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

Young Audiences Charter Association Notes to the Consolidated Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses (Continued)

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 employee benefits have been allocated based on time and effort. Professional purchased services, transportation services, food service, materials and supplies, purchased property services, textbooks, books, workbooks, periodicals, equipment, other purchased services, interest expense, and other expenses have been allocated based on actual expenses. Insurance, utilities, and depreciation expenses have been allocated based on square footage.

New Accounting Pronouncement

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

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The consolidated financial statements include a new disclosure surrounding liquidity and availability of resources (Note 12).
- The presentation of functional classification of expenses in a financial statement is supplemented with enhanced disclosures about the methods used to allocate costs among functions and the basis for which to allocate costs between program and supporting expenses (see Note 1).

In adopting this standard, certain prior year amounts were reclassified to conform to the new presentation. The June 30, 2018 functional expenses classifications were reallocated from previously report amounts.

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

Net Asset Classifications as of June 30, 2018	ASU 2016-14 Classifications		
	Without donor restrictions	With donor restrictions	Total net assets
As previously presented:			
Unrestricted	\$ 1,307,969	\$ -	\$ 1,307,969
Temporarily restricted	-	21,150	21,150
Net assets as previously presented	\$ 1,307,969	\$ 21,150	\$ 1,329,119

Young Audiences Charter Association Notes to the Consolidated Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Pronouncements

In May 2014, FASB issued 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 ending June 30, 2020. Early adoption with certain restrictions is permitted. The Organization is currently evaluating the impact of the guidance on the consolidated financial statements.

In August 2016, FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the consolidated statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. However, if it is impractical to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively at the earliest date practical. This amendment is effective for the fiscal year ending June 30, 2020. The Organization is currently evaluating the impact of the guidance on the consolidated financial statements.

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) determine whether a contribution is conditional. This new guidance is effective for transactions in which the Organization serves as a resource recipient for the fiscal year ending June 30, 2020. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its consolidated 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, the Organization has not yet determined the effect, if any, that the implementation of such proposed or revised standards would have on the consolidated financial statements.

Young Audiences Charter Association
Notes to the Consolidated Financial Statements

NOTE 2 – CASH AND CASH EQUIVALENTS

The Organization 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 year ended June 30, 2019 and 2018. At times, the balance may exceed the federally insured amount. At June 30, 2019 and 2018, the Organization’s cash deposits exceeded the FDIC limits by \$21,383,880 and \$1,012,523, respectively.

NOTE 3 – PROPERTY AND EQUIPMENT

The cost of property and equipment is summarized as follows:

June 30,	2019	2018
Building	\$ 65,600	\$ 65,600
Building improvements	196,402	196,402
Leasehold improvements	118,387	118,387
Construction in progress	1,290,379	348,547
Machinery and equipment	38,310	27,438
Land	3,808,853	-
Less: accumulated depreciation	(263,968)	(182,134)
Net carrying amount	\$ 5,253,963	\$ 574,240

Depreciation expense was \$81,834 and \$77,985, respectively, for the years ended June 30, 2019 and 2018. Construction-in-progress consists of preliminary building costs incurred by the Organization to renovate a new school building. Land consists of land purchased during the year ended June 30, 2019 to serve as the site of the new school building.

NOTE 4 – CASH RESTRICTED FOR STUDENT ACTIVITES

The Organization maintains a separate bank account for student activities; the account is for collected student activity fees. Restricted student activity funds amounted to \$33,522 and \$21,150 at June 30, 2019 and 2018, respectively, and are reported as cash restricted for student activities in the consolidated statements of financial position.

NOTE 5 – LEASE AGREEMENTS

The Organization entered into an operating lease agreement on March 6, 2013 with the JPPSS for the use of Kate Middleton Elementary School located in Gretna, Louisiana as its school facilities at a rate of \$107 per student per year. This lease commenced on July 16, 2013 and expired on July 15, 2018. Upon the lease’s expiration, the Organization renewed the operating lease agreement on June 25, 2018 with JPPSS at the same rate and terms. This lease commenced on July 1, 2018 and expires on June 30, 2023. The Organization is responsible for the payment of utilities, janitorial, sanitation, and disposal services.

Young Audiences Charter Association
Notes to the Consolidated Financial Statements

NOTE 5 – LEASE AGREEMENTS (CONTINUED)

In addition, the Organization entered into a lease agreement on May 5, 2016 with a leasing company for the use of a modular building. The commencement date on this lease was July 5, 2016 and had an initial term of 24 months; the lease required monthly payments of \$3,224. The lease was extended on September 30, 2018 through September 29, 2020 with the option to extend again; the new lease requires monthly payments of \$1,660.

The Organization recognized \$126,048 and \$91,018 in lease expense for the years ended June 30, 2019 and 2018, respectively.

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

<i>Fiscal Year Ended June 30:</i>	
2020	\$ 161,463
2021	157,397
2022	169,060
2023	179,760
Total	\$ 667,680

NOTE 6 – BOND PAYABLE

The Organization had bonds outstanding as follows:

<i>For the year ended June 30,</i>	2019	2018
LPFA Revenue Bonds (Young Audiences Charter School Project) Series 2019A, interest at 5.0%, payable semi-annually, principal installments due beginning April 1, 2023 through April 1, 2057; these bonds are unsecured and were issued to finance a new campus construction.	\$ 24,980,000	\$ -
LPFA Revenue Bonds (Young Audiences Charter School Project) Series 2019, interest at 5.5%, payable semi-annually, principal installments due beginning April 1, 2022 through April 1, 2023; these bonds are unsecured and were issued to finance a new campus construction.	315,000	
Unamortized premium on bonds	543,850	-
Unamortized underwriter’s discount on bonds	(442,663)	-
Unamortized issuance costs	(303,669)	-
	\$ 25,092,518	\$ -

Young Audiences Charter Association
Notes to the Consolidated Financial Statements

NOTE 6 – BOND PAYABLE (CONTINUED)

Louisiana Public Facilities Authority Revenue Bonds Series 2019

On June 18, 2019, the Organization issued \$24,980,000 of Louisiana Public Facilities Authority Revenue Bonds Series 2019A and \$315,000 of Louisiana Public Facilities Authority Revenue Bonds Series 2019B (“Series 2019”). The proceeds of the bonds will be used for the purpose of obtaining and constructing a new campus for the YACA. The Series 2019 bonds were issued at a premium of \$543,850; underwriter’s discount was \$442,663, and issuance costs associated with the bonds was \$303,669. For the year ended June 30, 2019, the Organization incurred \$41,633 in interest expense, which is included in noncurrent liabilities in the statements of financial position. There was no amortization expense related to premium or discount incurred by the Organization during the years ended June 30, 2019 and 2018.

The principal obligations on indebtedness will mature as follows:

<i>Years ending June 30:</i>	
2020	\$ -
2021	-
2022	145,000
2023	280,000
2024	290,000
Thereafter	24,580,000
Total	\$ 25,295,000

The Organization is required to comply with an annual reporting debt covenant for the Series 2019 bond issuance that, if not met, could be considered a condition of default. Management believes that the Organization is in compliance with all covenants as of June 30, 2019.

NOTE 7 – RETIREMENT PLAN

Employees of YACA may participate in an employer sponsored retirement plan. Eligible employees may elect to contribute a portion of their salaries to the plan. YACA’s matching contribution to the Plan is 100% of the participant’s contributions not to exceed 5% of the participant’s compensation. YACA made contributions to the plan of \$23,667 and \$32,954 for the years ended June 30, 2019 and 2018, respectively.

NOTE 8 – SIGNIFICANT CONCENTRATIONS

For the years ended June 30, 2019 and 2018, the Organization received approximately 90% of its total revenue from state public school funds. For the years ended June 30, 2019 and 2018, 100% of students resided in Jefferson Parish, Louisiana in accordance with the enrollment eligibility requirements set forth in the Organization’s charter.

Young Audiences Charter Association
Notes to the Consolidated Financial Statements

NOTE 9 – CONTINGENCIES AND COMMITMENTS

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

During the year ended June 30, 2019, the Organization entered into a construction contract with a local developer to assist in renovation of a new school building in the upcoming fiscal year.

NOTE 10 – FEDERAL GRANTS RECEIVABLE

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

June 30,	2019	2018
Title I	\$ 53,363	\$ 135,750
Child Nutrition	63,114	52,263
IDEA	-	23,351
Other	-	5,453
Total federal grants receivable	\$ 116,477	\$ 216,817

NOTE 11 – RELATED PARTIES TRANSACTIONS

The Organization had amounts payable to a national affiliate, Young Audiences of Louisiana (“YALA”). The total amount recorded as due to related party for the years ended June 30, 2019 and 2018 on the accompanying consolidated statements of financial position was \$392,890 and \$343,965, respectively. YALA provided services that were primarily for arts and culture education programs, along with management oversight and staff training. For those services, the Organization paid YALA \$1,413,983 and \$1,256,730 for the years ended June 30, 2019 and 2018, respectively. Amounts payable to related party of \$392,890 and \$343,965 at June 30, 2019 and 2018, respectively, are noninterest bearing and have no specified repayment terms, however, management has classified amounts payable as current because management expects to pay these amounts within the next year.



**Young Audiences Charter Association
Notes to the Consolidated Financial Statements**

NOTE 12 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$1,746,453 of financial assets available within one year of the financial position dated June 30, 2019, consisting of cash and cash equivalents of \$21,804,910 and accounts receivable of \$131,361. Cash of \$20,058,457 was restricted for specific uses that make it 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 date of financial position.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 15, 2019, the date the consolidated 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 consolidated financial statements.



**REPORT REQUIRED BY
*GOVERNMENT AUDITING
STANDARDS***



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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 Charter Association
Gretna, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Young Audiences Charter Association (a nonprofit organization) (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 15, 2019.

Internal Control Over Financial Reporting

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

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

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

identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Cary Riggs & Ingram, L.L.C.

November 15, 2019



**Young Audiences Charter Association and Affiliate
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? | None |
| c. Noncompliance material to financial statements noted? | No |

SECTION II – FINANCIAL STATEMENTS FINDINGS

No findings noted.



**Young Audiences Charter Association and Affiliate
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2018**

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings noted.



Supplementary Information

Young Audiences Charter Association
Consolidating Statements of Financial Position

<i>As of June 30, 2019</i>	YACA	Friends	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,746,453	\$ -	\$ -	\$ 1,746,453
Cash restricted for student activities	33,522	-	-	33,522
Cash restricted for construction	-	20,024,935	-	20,024,935
Federal grants receivable	116,477	-	-	116,477
Accounts receivable	14,884	-	-	14,884
Prepaid expenses	110,644	-	-	110,644
Total current assets	2,021,980	20,024,935	-	22,046,915
Property and equipment, net	154,731	5,099,232	-	5,253,963
Noncurrent assets				
Prepaid expenses	68,012	-	-	68,012
Deposits	19,559	-	-	19,559
Total noncurrent assets	87,571	-	-	87,571
Total Assets	\$ 2,264,282	\$ 25,124,167	\$ -	\$ 27,388,449
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 244,997	\$ -	\$ -	\$ 244,997
Due to related party	392,790	100	-	392,890
Accrued expenses	361,772	-	-	361,772
Property tax payable	-	26,309	-	26,309
Total current liabilities	999,559	26,409	-	1,025,968
Noncurrent Liabilities				
Bond payable	-	25,092,518	-	25,092,518
Interest payable	-	41,633	-	41,633
Total noncurrent liabilities	-	25,134,151	-	25,134,151
Total liabilities	999,559	25,160,560	-	26,160,119
Net assets				
Without donor restrictions	1,226,201	(36,393)	-	1,189,808
With donor restrictions	38,522	-	-	38,522
Total net assets	1,264,723	(36,393)	-	1,228,330
Total Liabilities and Net Assets	\$ 2,264,282	\$ 25,124,167	\$ -	\$ 27,388,449

See independent auditors' report.

**Young Audiences Charter Association and Affiliate
Consolidating Statements of Financial Position**

<i>As of June 30, 2018</i>	YACA	Friends	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,064,888	\$ -	\$ -	\$ 1,064,888
Cash restricted for student activities	21,150	-	-	21,150
Federal grants receivable	216,817	-	-	216,817
Accounts receivable	358,370	-	(348,547)	9,823
Prepaid expenses	76,620	-	-	76,620
Total current assets	1,737,845	-	(348,547)	1,389,298
Property and equipment, net	225,693	348,547	-	574,240
Noncurrent assets				
Prepaid expenses	102,018	-	-	102,018
Deposits	19,559	-	-	19,559
Total noncurrent assets	121,577	-	-	121,577
Total Assets	\$ 2,085,115	\$ 348,547	\$ (348,547)	\$ 2,085,115
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	154,541	-	-	154,541
Due to related party	343,965	348,547	(348,547)	343,965
Accrued expenses	257,490	-	-	257,490
Total current liabilities	755,996	348,547	(348,547)	755,996
Net assets				
Without donor restrictions	1,307,969	-	-	1,307,969
With donor restrictions	21,150	-	-	21,150
Total net assets	1,329,119	-	-	1,329,119
Total Liabilities and Net Assets	\$ 2,085,115	\$ 348,547	\$ (348,547)	\$ 2,085,115

See independent auditors' report.

**Young Audiences Charter Association
Consolidating Statement of Activities**

<i>For the year ended June 30, 2019</i>	YACA		Friends		Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions			
Revenues and support						
State public school funds	\$ 8,682,078	\$ -	\$ -	\$ -	\$ -	\$ 8,682,078
Food service	544,557	-	-	-	-	544,557
Federal grant	244,775	5,000	-	-	-	249,775
Donations and contributions	43,185	-	-	-	-	43,185
Other revenue	66,544	38,245	-	-	-	104,789
Rental income	-	-	5,240	(5,240)	-	-
Net assets released from restriction	25,873	(25,873)	-	-	-	-
Total revenues and support	9,607,012	17,372	5,240	(5,240)	-	9,624,384
Expenses						
Program services	6,308,144	-	-	-	-	6,308,144
Supporting services						
Management and general	3,380,636	-	41,633	(5,240)	-	3,417,029
Total expenses	9,688,780	-	41,633	(5,240)	-	9,725,173
Change in net assets	(81,768)	17,372	(36,393)	-	-	(100,789)
Net assets at beginning of year	1,307,969	21,150	-	-	-	1,329,119
Net assets at end of year	\$ 1,226,201	\$ 38,522	\$ (36,393)	\$ -	\$ -	\$ 1,228,330

See independent auditors' report.

**Young Audiences Charter Association
Consolidating Statement of Activities**

<i>For the year ended June 30, 2018</i>	YACA		Friends			
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Eliminations		Total
Revenues and support						
State public school funds	\$ 6,819,775	\$ -	\$ -	\$ -	\$ -	6,819,775
Food service	411,268	-	-	-	-	411,268
Federal grant	159,101	-	-	-	-	159,101
Donations and contributions	48,594	-	-	-	-	48,594
Other revenue	62,906	43,078	-	-	-	105,984
Net assets released from restriction	38,914	(38,914)	-	-	-	-
Total revenues and support	7,540,558	4,164	-	-	-	7,544,722
Expenses						
Program services	4,986,266	-	-	-	-	4,986,266
Supporting services						
Management and general	2,614,050	-	-	-	-	2,614,050
Total expenses	7,600,316	-	-	-	-	7,600,316
Change in net assets	(59,758)	4,164	-	-	-	(55,594)
Net assets at beginning of year	1,367,727	16,986	-	-	-	1,384,713
Net assets at end of year	\$ 1,307,969	\$ 21,150	\$ -	\$ -	\$ -	1,329,119

See independent auditors' report.

YOUNG AUDIENCES CHARTER ASSOCIATION

Statewide Agreed-Upon Procedures Report

For the Year Ended June 30, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Young Audiences Charter Association
Gretna, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Young Audiences Charter Association ("YACA") 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. YACA 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 entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

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

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

Results: Exception noted. The written policies did not address how vendors are added to the vendor list or documentation required to be maintained for all bids and price quotes.

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

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

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

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

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

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

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

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

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

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

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

- i) **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. There are no established policies and procedures surrounding Disaster Recovery/Business Continuity.

Collections

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

Results: No exceptions were found as a result of applying the above procedure. There was only one site, therefore, only one site was selected.

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

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

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

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

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

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

4. 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 above procedure.

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

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

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

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

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

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

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

Results: Exception noted. For 2 of our 4 selections 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 above procedure.

Other

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

Results: There were no misappropriations identified in current year; therefore this step is not applicable.

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

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

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.

Carr, Riggs & Ingram, L.L.C.

November 14, 2019



November 14, 2019

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
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RE: Management's Response to Statewide Agreed-Upon Procedures
Young Audiences Charter Association

Dear Sirs:

The Young Audiences Charter Association 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 findings

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

Results: The written policies did not address how vendors are added to the vendor list or documentation required to be maintained for all bids and price quotes.

Management Response: Purchasing policies are being updated to address items above.

Disaster Recovery, including (1) identification of critical data and frequency of data backups, (2) storage of backup 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)

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National Board Member
Mary Nass

YALA Representative
Macon Moore

School Leader
Brandon House

Founder
Rickie Nutik

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: There are no established policies and procedures surrounding Disaster Recovery/Business Continuity.

Management Response: Disaster Recovery policies are being updated to address items above.

Observed 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: For 2 of our 4 selections were not deposited within one business day of collection.

Management Response: The school makes every reasonable effort to make bank deposits within one business day of collection.

Sincerely,

A handwritten signature in blue ink, appearing to read "Brandon House".

Brandon House
School Leader

Young Audiences Charter Association

YOUNG AUDIENCES CHARTER ASSOCIATION

BESE 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,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor:

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Young Audiences Charter Association (a nonprofit organization), ("YACA") the Louisiana Department of Education, and the Louisiana Legislative Auditor (the "specified parties"), on the performance and statistical data accompanying the annual consolidated financial statements of YACA for the fiscal year ended June 30, 2019; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education ("BESE") Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of YACA is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results related to the accompanying schedules of supplementary information and are as follows:

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

1. We will select a random sample of 25 transactions, review supporting documentation and observe that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

Results: No exceptions noted in performing this procedure.

Class Size Characteristics (Schedule 2)

2. We will obtain a list of classes by school, school type, and class size as reported on the schedule. We will then trace a sample of 10 classes to the October 1st roll books for those classes and observe that the class was properly classified on the schedule.

Results: No exceptions noted in performing this procedure.

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

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

Results: No exceptions noted in performing this procedure.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Results: Exception noted; one individual's salary was incorrectly reported on the June 30, 2019 PEP Report.

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

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

Carr, Riggs & Ingram, L.L.C.

November 14, 2019

**YOUNG AUDIENCES CHARTER ASSOCIATION
SCHEDULE 1**

**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2019**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 3,106,153	
Other instructional staff activities	116,478	
Instructional Staff Employee benefits	671,166	
Purchased professional and technical services	838,197	
Instructional materials and supplies	370,358	
Less instructional equipment	-	
Total teacher and student interaction activities		5,102,352

Other instructional activities	3,145
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Pupil support activities	264,486
Less equipment for pupil support activities	-
Net pupil support activities	264,486

Instructional Staff Services	142,384
Less equipment for instructional staff services	-
Net instructional staff services	142,384

School Administration	1,433,384
Less: Equipment for School Administration	-
Net School Administration	1,433,384

Total general fund instructional expenditures	\$ 6,945,751
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* Remainder of the BESE Schedule 1 does not apply to the School.

**YOUNG AUDIENCES CHARTER ASSOCIATION
SCHEDULE 2**

**CLASS SIZE CHARACTERISTICS
AS OF OCTOBER 1, 2018**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	10%	24	65%	153	25%	59	0%	0
Elementary Activity Classes	2%	1	67%	28	31%	13	0%	0
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

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

See independent accountants' report on applying Agreed-Upon Procedures.



November 14, 2019

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to
Board of Elementary and Secondary Education Agreed-Upon Procedures
Young Audience Charter Association

Dear Sirs:

Young Audiences Charter Association will review policies and procedures and make appropriate changes that will improve reporting on each schedule of performance and statistical data that are cost effective and within our budget constraints.

Sincerely,

Brandon House
School Leader

1407 Virgil St.
Gretna, LA 70053
T 504.304.6332
F 504.613.6399

www.yacharterschool.org

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Founder
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