

Marketing Education Retail Alliance, Inc.
Baton Rouge, Louisiana
June 30, 2021

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Independent Auditor's Report

Board of Directors
Marketing Education Retail Alliance, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Marketing Education Retail Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Marketing Education Retail Alliance, Inc. as of June 30, 2021 and 2020, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to agency head or chief executive officer, as required by the Louisiana Legislative Auditor, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2021, on our consideration of Marketing Education Retail Alliance, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Marketing Education Retail Alliance, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marketing Education Retail Alliance, Inc.'s internal control over financial reporting and compliance.

Hawthorn, Waymouth & Carroll, L.L.P.

November 9, 2021

Marketing Education Retail Alliance, Inc.
Statements of Financial Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Cash	\$ <u>27</u>	\$ <u>24</u>
Total assets	<u>\$ 27</u>	<u>\$ 24</u>
Liabilities		
Accounts payable	\$ <u>27</u>	\$ <u>24</u>
Total liabilities	27	24
Net Assets, Without Donor Restrictions	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u>\$ 27</u>	<u>\$ 24</u>

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

Marketing Education Retail Alliance, Inc.
Statements of Activities
Years Ended June 30, 2021 and 2020

	Without Donor Restrictions	
	2021	2020
Revenue and Other Support		
State grant	\$ 675,252	\$ 675,101
Total revenue and other support	675,252	675,101
Expenses		
Program services	596,660	593,917
General and administrative expenses	78,592	81,184
Total expenses	675,252	675,101
Change in Net Assets	-	-
Net Assets, beginning of year	-	-
Net Assets, end of year	\$ -	\$ -

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

Marketing Education Retail Alliance, Inc.
Statements of Functional Expenses
Years Ended June 30, 2021 and 2020

	June 30, 2021			June 30, 2020		
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
Administrative Expenses						
Contract services	\$ 81,940	\$ 37,385	\$ 119,325	\$ 81,435	\$ 37,365	\$ 118,800
Equipment rental	7,883	3,617	11,500	7,883	3,617	11,500
Rent	6,855	3,145	10,000	6,855	3,145	10,000
Telephone	3,966	1,809	5,775	4,319	1,981	6,300
Office supplies	4,113	1,887	6,000	4,113	1,887	6,000
Marketing/Outreach to schools	<u>2,500</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total administrative expenses	<u>107,257</u>	<u>47,843</u>	<u>155,100</u>	<u>107,105</u>	<u>47,995</u>	<u>155,100</u>
Operating Expenses						
Accounting/bookkeeping	-	24,000	24,000	-	24,000	24,000
Professional services	-	6,749	6,749	-	9,189	9,189
Education consultant	<u>19,000</u>	<u>-</u>	<u>19,000</u>	<u>19,000</u>	<u>-</u>	<u>19,000</u>
Total operating expenses	<u>19,000</u>	<u>30,749</u>	<u>49,749</u>	<u>19,000</u>	<u>33,189</u>	<u>52,189</u>
Travel	<u>703</u>	<u>-</u>	<u>703</u>	<u>575</u>	<u>-</u>	<u>575</u>
Marketing Education Grants	<u>469,700</u>	<u>-</u>	<u>469,700</u>	<u>467,237</u>	<u>-</u>	<u>467,237</u>
Total expenses	<u>\$ 596,660</u>	<u>\$ 78,592</u>	<u>\$ 675,252</u>	<u>\$ 593,917</u>	<u>\$ 81,184</u>	<u>\$ 675,101</u>

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

Marketing Education Retail Alliance, Inc.
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets without donor restrictions	\$ -	\$ -
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by (used in) operating activities:		
Increase (decrease) in liabilities:		
Accounts payable	3	(87)
Net cash provided by (used in) operating activities	3	(87)
Net Increase (Decrease) in Cash	3	(87)
Cash, beginning of year	24	111
Cash, end of year	\$ 27	\$ 24

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

Marketing Education Retail Alliance, Inc.
Notes to Financial Statements
June 30, 2021

Note 1-Nature of Operations

Marketing Education Retail Alliance, Inc. (MERA) is a not-for-profit organization formed to enhance the current marketing education, entrepreneurship and workforce development programs in Louisiana by providing learning opportunities, workforce training, and certification programs for Louisiana high school students, which will in turn produce a more knowledgeable workforce for Louisiana. MERA's revenue is derived from a cooperative endeavor agreement with the Louisiana Department of Economic Development, a Louisiana Public Corporation, to channel funds directly to the classroom through a grant process, for worthy, creative, and innovative opportunities to assist students in achieving their full potential. MERA works with local and national merchants and businesses through the Louisiana Retailers Association (LRA) to ensure the best preparation of our future leaders.

Note 2-Summary of Significant Accounting Policies

A. Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets, revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of MERA and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets not subject to donor stipulations.

Net assets with donor restrictions: net assets subject to donor stipulations that: a) restrict their use to a specific purpose which will be satisfied by actions of MERA or the passage of time; or b) require that they be maintained in perpetuity by MERA; generally, the donor of these assets permit MERA to use all or part of the income earned.

At June 30, 2021 and 2020, MERA had no net assets with donor restrictions.

B. Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases*. This ASU affects any entity that enters into a lease, with some specified scope exemptions. The main difference between previous U.S. GAAP and this ASU is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous U.S. GAAP. The amendments in this ASU are effective for fiscal years beginning after December 15, 2021. MERA has not yet implemented this ASU and is in the process of assessing the effect on MERA's financial statements.

C. Use of Estimates

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

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, MERA considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2021 and 2020.

Marketing Education Retail Alliance, Inc.
Notes to Financial Statements
June 30, 2021

Note 2-Summary of Significant Accounting Policies (Continued)

E. Grants

MERA receives grant funding from Louisiana Department of Economic Development to provide a variety of programs to Louisiana high schools based on specific requirements included in the agreement. The grant is a nonreciprocal transaction and includes conditions stipulated by the entity and is, therefore, accounted for as a conditional contribution. Public support is recognized as conditions are satisfied, primarily as expenses are incurred. Cash received from the grant prior to incurring allowable expenses is recorded as deferred revenue.

F. Functional Expenses

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are allocated to program and supporting services on the basis of periodic time and expenses studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and operation of MERA.

G. Income Taxes

MERA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an entity other than a private foundation within the meaning of Section 509(a). Accordingly, no provision has been made for income taxes.

Management has determined that there are no uncertain tax positions that would require recognition in the financial statements. If MERA were to incur an income tax liability in the future, interest on any income tax liability would be reported as interest expense, and penalties on any income tax would be reported as income taxes. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based on ongoing analysis of tax laws, regulations, and interpretations thereof as well as other factors.

H. Liquidity Management

As of June 30, 2021, the financial assets that could be made readily available within one year of the statement of financial position date to meet general expenditures include cash, totaling \$27. As part of its liquidity management, MERA has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

Marketing Education Retail Alliance, Inc.
Notes to Financial Statements
June 30, 2021

Note 3-Related Party

MERA is related to LRA through common governance. LRA provides administrative and operating support for program services to MERA, through a contract renewed annually contingent upon MERA receiving the state grant. The total amount paid for these services for the years ended June 30, are as follows:

	<u>2021</u>	<u>2020</u>
Contract services	\$ 119,325	\$ 118,800
Equipment Rental	11,500	11,500
Rent	10,000	10,000
Telephone	5,775	6,300
Office supplies	6,000	6,000
Marketing/ Outreach to schools	2,500	2,500
Additional AUP costs	2,460	4,900
	\$ 157,560	\$ 160,000

Note 4-Contingencies

MERA participates in a state grant program, which is governed by various rules and regulations. Costs charged to the grant program are subject to audit and adjustment by the grantor agency; therefore, to the extent that MERA has not complied with the rules and regulations governing the grant, refunds of any money received and the collectability of any related receivable at year end may be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grant; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Any costs disallowed would be recognized in the period agreed upon by the grantor agency and MERA.

Note 5-Economic Dependency

MERA receives all of its revenue from a grant administered by the State of Louisiana. The grant amount is appropriated each year by the state government. If significant budget cuts are made at the federal and/or state level, the amount of funds received by MERA could be reduced significantly by an amount that could adversely impact its operations. Management is not aware of any actions that will adversely affect the amount of grant and contracts the organization will receive in the next fiscal year.

Note 6-Subsequent Events

MERA evaluated all subsequent events through November 9, 2021, the date the financial statements were available to be issued. As a result, MERA noted no subsequent events that required adjustment to, or disclosure in, these financial statements.

Supplementary Information

**Marketing Education Retail Alliance, Inc.
Schedule of Compensation, Benefits, and Other
Payments to Agency Head or Chief Executive Officer
Year Ended June 30, 2021**

Agency Head Name: Jessica Elliott, Administrator

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 0
Benefits – insurance	0
Benefits – retirement	0
Benefits – cell phone	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

No payments were made to the administrator from public funds.



**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***

Board of Directors
Marketing Education Retail Alliance, Inc.
Baton Rouge, Louisiana

We have audited, 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, the financial statements of Marketing Education Retail Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Marketing Education Retail Alliance, Inc.'s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marketing Education Retail Alliance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Marketing Education Retail Alliance, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Hawthorn, Waymouth & Carroll, L.L.P.

November 9, 2021

Marketing Education Retail Alliance, Inc.
Schedule of Findings and Reponses
Year Ended June 30, 2021

Part I - Summary of Audit Results

- 1) An unmodified opinion has been expressed on the financial statements of Marketing Education Retail Alliance, Inc. as of and for the year ended June 30, 2021, and the related notes to the financial statements.
- 2) No deficiencies in internal control over financial reporting that we consider to be a significant deficiency were identified.
- 3) No instances of noncompliance or other matters that are required to be reported under Government Auditing Standards were identified.
- 4) A single audit in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards was not required.
- 5) A management letter was not issued.

Part II - Financial Statement Findings

No findings were noted.

**Marketing Education Retail Alliance, Inc.
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021**

Part I – Financial Statement Findings

No findings were noted.

Part II – Management Letter

A management letter was not issued for the year ended June 30, 2020.