

KID smART and subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021



Education through
imagination. sm

CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1-3
Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5-6
Consolidated Statements of Functional Expenses	7-8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10-17
Supplementary Information	
Schedule of Compensation, Benefits, and Other Payments To Executive Director	18
Consolidating Statement of Financial Position – Current Year	19
Consolidating Statement of Financial Position – Prior Year	20
Consolidating Statement of Activities – Current Year	21
Consolidating Statement of Activities – Prior Year	22
Consolidating Statement of Functional Expenses – Current Year	23
Consolidating Statement of Functional Expenses – Prior Year	24
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	25-26
Schedule of Findings and Responses	27
Summary Schedule of Prior Year Findings	28

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
KID smART and subsidiary
New Orleans, Louisiana

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of KID smART and subsidiary (a non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, the consolidating statements of activities and the consolidating statements of functional expenses on pages 19 – 24 and the Schedule of Compensation, Benefits, and Other Payments to Executive Director on page 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such 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 Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2023 on our consideration of KID smART and subsidiary'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 KID smART and subsidiary'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 KID smART and subsidiary's internal control over financial reporting and compliance.

Metairie, Louisiana
January 30, 2023

Wegmann Bazet

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 685,808	\$ 817,659
Grants and contracts receivable	19,494	37,545
Prepaid expenses	<u>26</u>	<u>267</u>
Total current assets	705,328	855,471
Investments	723,843	643,272
Other noncurrent assets	<u>2,500</u>	<u>2,500</u>
Total assets	<u><u>\$ 1,431,671</u></u>	<u><u>\$ 1,501,243</u></u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 19,398	\$ 2,682
Accrued payroll liabilities	33,392	24,412
Current portion of long-term debt	<u>-</u>	<u>27,000</u>
Total current liabilities	52,790	54,094
Long-term debt, less current portion	<u>149,900</u>	<u>259,780</u>
Total liabilities	<u>202,690</u>	<u>313,874</u>
NET ASSETS		
Net assets		
Without donor restrictions:		
Undesignated	319,218	256,415
Board designated reserve fund	723,248	752,469
With donor restrictions	<u>186,515</u>	<u>178,485</u>
Total net assets	<u>1,228,981</u>	<u>1,187,369</u>
Total liabilities and net assets	<u><u>\$ 1,431,671</u></u>	<u><u>\$ 1,501,243</u></u>

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Public support - government grants	\$ 88,929	\$ -	\$ 88,929
Paycheck Protection Program loan forgiveness	136,880	-	136,880
Other support:			
Private donors	125,519	-	125,519
Corporate donors	21,702	-	21,702
Foundations	494,801	186,515	681,316
Contracts	419,682	-	419,682
Other income	4,609	-	4,609
Net assets released from restrictions	<u>178,485</u>	<u>(178,485)</u>	<u>-</u>
Total revenue and other support	<u>1,470,607</u>	<u>8,030</u>	<u>1,478,637</u>
Expenses			
Program services	1,147,783	-	1,147,783
Supporting services:			
Management and general	60,115	-	60,115
Fundraising	<u>156,297</u>	<u>-</u>	<u>156,297</u>
Total expenses	<u>1,364,195</u>	<u>-</u>	<u>1,364,195</u>
Other income (expense):			
Interest and dividend income	5,622	-	5,622
Investment loss, net	<u>(78,452)</u>	<u>-</u>	<u>(78,452)</u>
Total other expense	<u>(72,830)</u>	<u>-</u>	<u>(72,830)</u>
Change in net assets	33,582	8,030	41,612
Net assets			
Beginning of year	<u>1,008,884</u>	<u>178,485</u>	<u>1,187,369</u>
End of year	<u><u>\$ 1,042,466</u></u>	<u><u>\$ 186,515</u></u>	<u><u>\$ 1,228,981</u></u>

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Public support - government grants	\$ 250,546	\$ -	\$ 250,546
Other support:			
Private donors	147,308	-	147,308
Corporate donors	47,865	-	47,865
Foundations	390,794	178,485	569,279
Other grants	21,000	-	21,000
Contracts	337,507	-	337,507
Other income	8,462	-	8,462
Net assets released from restrictions	<u>112,000</u>	<u>(112,000)</u>	<u>-</u>
Total revenue and other support	<u>1,315,482</u>	<u>66,485</u>	<u>1,381,967</u>
Expenses			
Program services	962,601	-	962,601
Supporting services:			
Management and general	50,369	-	50,369
Fundraising	<u>130,957</u>	<u>-</u>	<u>130,957</u>
Total expenses	<u>1,143,927</u>	<u>-</u>	<u>1,143,927</u>
Other income (expense):			
Interest and dividend income	6,434	-	6,434
Investment income, net	<u>86,839</u>	<u>-</u>	<u>86,839</u>
Total other income	<u>93,273</u>	<u>-</u>	<u>93,273</u>
Change in net assets	264,828	66,485	331,313
Net assets			
Beginning of year	<u>744,056</u>	<u>112,000</u>	<u>856,056</u>
End of year	<u>\$ 1,008,884</u>	<u>\$ 178,485</u>	<u>\$ 1,187,369</u>

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 588,032	\$ 35,856	\$ 93,224	\$ 717,112
Teaching artist wages	161,904	-	-	161,904
Payroll taxes and employee benefits	144,646	8,820	22,932	176,398
Total salaries and related expenses	<u>894,582</u>	<u>44,676</u>	<u>116,156</u>	<u>1,055,414</u>
Contractual labor	42,234	2,575	6,696	51,505
Professional services	24,549	1,497	3,892	29,938
Teacher stipends	34,238	2,088	5,428	41,754
Education	12,173	742	1,930	14,845
Public relations	7,161	437	1,135	8,733
Special projects and workshops	5,646	344	895	6,885
Supplies	25,148	1,533	3,987	30,668
School resources	3,118	190	494	3,802
Subscriptions	33,078	2,017	5,244	40,339
Telephone	7,249	442	1,149	8,840
Meetings	971	59	154	1,184
Postage	368	23	58	449
Printing and copying	12,135	740	1,924	14,799
Office expense	24,554	1,497	3,893	29,944
Bank charges	2,018	123	320	2,461
Payroll fees	2,002	123	317	2,442
Miscellaneous	2,738	167	434	3,339
Travel	3,542	216	561	4,319
Insurance	10,279	626	1,630	12,535
Total functional expenses	<u>\$ 1,147,783</u>	<u>\$ 60,115</u>	<u>\$ 156,297</u>	<u>\$1,364,195</u>

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$ 490,372	\$ 29,901	\$ 77,742	\$ 598,015
Teaching artist wages	136,557	-	-	136,557
Payroll taxes and employee benefits	115,458	7,040	18,304	140,802
Total salaries and related expenses	<u>742,387</u>	<u>36,941</u>	<u>96,046</u>	<u>875,374</u>
Contractual labor	42,496	2,591	6,737	51,824
Professional services	11,415	696	1,810	13,921
Teacher stipends	44,368	2,705	7,034	54,107
Education	4,205	256	667	5,128
Public relations	6,708	409	1,063	8,180
Special projects and workshops	1,714	104	272	2,090
Supplies	20,469	1,248	3,245	24,962
School resources	2,156	131	342	2,629
Subscriptions	31,187	1,902	4,944	38,033
Telephone	9,656	589	1,531	11,776
Meetings	435	27	69	531
Postage	2,626	160	416	3,202
Printing and copying	7,798	476	1,236	9,510
Office expense	16,535	1,009	2,621	20,165
Bank charges	1,637	100	259	1,996
Payroll fees	2,052	126	325	2,503
Miscellaneous	4,249	259	674	5,182
Travel	297	18	47	362
Insurance	10,211	622	1,619	12,452
Total functional expenses	<u>\$ 962,601</u>	<u>\$ 50,369</u>	<u>\$ 130,957</u>	<u>\$1,143,927</u>

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 41,612	\$ 331,313
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized and realized loss (gain)	71,424	(90,094)
PPP loan forgiveness	(136,880)	(139,709)
(Increase) decrease in operating assets:		
Grants and contracts receivable	18,051	119,177
Prepaid expenses	241	406
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	16,716	(16,479)
Accrued payroll liabilities	8,980	6,351
Net cash provided by operating activities	<u>20,144</u>	<u>210,965</u>
Cash flows from investing activities:		
Investment activity, net	<u>(151,995)</u>	<u>(192,344)</u>
Net cash used by investing activities	<u>(151,995)</u>	<u>(192,344)</u>
Cash flows from financing activities:		
Borrowings under long-term debt	<u>-</u>	<u>136,880</u>
Net cash provided by financing activities	<u>-</u>	<u>136,880</u>
Net (decrease) increase in cash and cash equivalents	(131,851)	155,501
Cash and cash equivalents at beginning of year	<u>817,659</u>	<u>662,158</u>
Cash and cash equivalents at end of year	<u>\$ 685,808</u>	<u>\$ 817,659</u>

See accompanying Notes to Consolidated Financial Statements.

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

1) Nature of activities

KID smART and subsidiary (collectively, KID smART or organization) is a nonprofit organization committed to helping transform public education in the New Orleans region through innovative arts integrated learning. KID smART works to support students, teachers and schools through extended artist residencies and professional development for teachers. KID smART programs teach to the whole child, engaging students in learning through the arts and helps teachers change their pedagogy to include the arts.

New Orleans Arts Education Alliance (NOAEA), founded July 1, 2017, is a wholly owned subsidiary of KID smART. NOAEA is a collective impact project – gathering parents, the educational community, government, cultural institutions, business, and philanthropy – to ensure meaningful arts education for all New Orleans public school students. As such, NOAEA is incorporated in the state of Louisiana, and works under the 501(c)(3) of KID smART who has representation on the Governance Council. As NOAEA matures, services to the organization will change. To date, KID smART has provided predominately administrative, policy, fund development and financial support services.

2) Summary of significant accounting policies

a) Basis of accounting

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

b) Consolidation

The consolidated financial statements include the accounts of KID smART and its wholly owned subsidiary – NOAEA. All significant intercompany balances and transactions have been eliminated in consolidation.

c) 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.

d) Cash and cash equivalents

For purposes of the statements of cash flows, KID smART considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

e) Investments

Investments are generally carried at fair market value.

f) Compensated absences

KID smART and subsidiary's employees earn paid-time-off (PTO). PTO accrues per pay period based upon years of service. Each employee may rollover up to twenty days of accrued, but unused hours of PTO per year.

g) Designation of unrestricted assets

It is the policy of the Board of Directors of KID smART to review its plans for future capital needs and to designate appropriate sums of unrestricted net assets to assure adequate financing of such needs. Designated unrestricted net assets have been designated by the Board for operating or programmatic use and are not restricted by time or purpose.

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

2) Summary of significant accounting policies (continued)

h) Revenue recognition

The Organization adopted Accounting Standards Update (“ASU”) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*.

Contributions: The Organization reports gifts of cash and other assets as with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires—that is, when a stipulated time restriction ends, or purpose restriction is accomplished—with donor restriction net assets are reclassified to without donor-restriction net assets and reported in the consolidated statements of activities as net assets released from restrictions.

Unconditional promises to give with payments due in future periods are presumed to be time restricted by the donor until received and are reported as with donor-restriction net assets.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Until that point, any amounts received are recorded as refundable advances.

Government support and revenue: The Organization has contracts with government and third parties for the performance of various services, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Government and other grants revenues are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. Government and other grants are evaluated for contributions that are conditional. The Organization recognizes revenue as expenses are incurred, to a maximum of the grant award.

Program service fees and exchange-type grants and contracts revenue are recognized when services are provided. Program fees and payments under exchange-type grants and contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

i) Tax matters

KID smART and subsidiary has received a tax-exempt ruling under Section 501(c)(3) of the Internal Revenue Code, and accordingly, and with few exceptions, is not subject to federal taxes unless the Company has unrelated trade or business income.

The Organization adopted the provisions of Financial Accounting Standards Board (“FASB”) ASC 740, *Accounting for Uncertainty in Income Taxes*. Management believes there is no material uncertain tax position and, accordingly it will not recognize any liability for unrecognized tax benefits. With few exceptions, the Organization is not subject to U.S. federal and state income tax examinations by tax authorities beyond three years from the filing of those returns.

j) Fundraising

All expenses associated with the fundraising are expensed as incurred.

k) Donated services

Donated services are recognized at fair market value as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by individuals with those skills, and would otherwise be purchased.

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

2) Summary of significant accounting policies (continued)

l) Functional expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense 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 direction of the Organization.

3) Restrictions on assets

Net assets with donor restriction are available for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Oscar J. Tolmas Charitable Trust	\$ 20,000	\$ 15,000
GNOF Impact Grant	15,000	15,000
Kellogg	151,515	148,485
	<u>\$ 186,515</u>	<u>\$ 178,485</u>

Net assets with donor restrictions released from restriction during the periods consist of the following:

	<u>2022</u>	<u>2021</u>
Ochsner	\$ -	\$ 12,000
Lambent	-	100,000
Oscar J. Tolmas Charitable Trust	15,000	-
GNOF Impact Grant	15,000	-
Kellogg	148,485	-
	<u>\$ 178,485</u>	<u>\$ 112,000</u>

4) Liquidity and availability

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2022</u>
Cash and cash equivalents	\$ 685,808
Grants and contracts receivables	19,494
Investments	723,843
Less: funds unavailable for general expenditures within one year, due to donor restriction for future purpose or period	(186,515)
	<u>\$ 1,240,730</u>

5) Concentrations of credit risk

Financial instruments that potentially subject KID smART and subsidiary to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. KID smART and subsidiary may, at times, have deposits in excess of the FDIC insured limits. The Organization has not experienced any losses in such accounts and does not have any policy requiring collateral or other security to support its deposits. The Organization has investment accounts that contain cash and securities. Balances are insured up to \$500,000, with a limit of \$250,000 for cash, by the Securities Investor Protection Corporation (SIPC). The Organization may, at times, have deposits in excess of the SIPC insured limits.

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

5) Concentrations of credit risk (continued)

Revenue from one donor represents 10% of total revenues to KID smART for the year ended June 30, 2022. Revenue from two donors represents 21% of total revenues for the year ended June 30, 2021.

6) Investments

Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value. That hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below.

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

Level 2 Inputs to the valuation methodology include:

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

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

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

The asset's or liability's fair value measurements level within the fair value hierarchy is based on the lowest level of any inputs 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. There have been no changes in the methodologies used at June 30, 2022 and 2021.

Equities, certain Fixed Income Funds and certain Money Market Funds: Valued at the closing price reported on the active market on which the individual securities are traded. If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics.

Corporate Bonds, and Fixed Income Bond Funds: Valued at the present value of the expected future cash flows utilizing the minimum risk-free rate of return. The valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

6) Investments (continued)

Other Investments: Included in other investments are Private Equity Funds, Limited Liability Entities, Hedge Funds, and Pooled Investment Funds. These investments are valued based upon the units held at year-end multiplied by the respective unit value. The unit value is based upon significant observable inputs, although it is not based upon quoted market prices in an active market. The underlying investments consist primarily of equity securities, debt obligations, short-term investments and other marketable securities. In accordance with ASC 820-10, these investments are not classified in the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. Investments as of June 30, 2022 and 2021 are composed of the following:

<u>Assets at Fair Value as of June 30, 2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Funds	\$ 184,027	\$ -	\$ -	\$ 184,027
Fixed Income Funds	30,652	35,881	-	66,533
Money Market Funds	23,347	-	-	23,347
Total assets at fair value	<u>\$ 238,026</u>	<u>\$ 35,881</u>	<u>\$ -</u>	<u>273,907</u>
Investments recorded at NAV as practical expedient				449,936
				<u>\$ 723,843</u>

<u>Assets at Fair Value as of June 30, 2021</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Funds	\$ 128,500	\$ -	\$ -	\$ 128,500
Fixed Income Funds	25,242	39,106	-	64,348
Money Market Funds	16,587	-	-	16,587
Total assets at fair value	<u>\$ 170,329</u>	<u>\$ 39,106</u>	<u>\$ -</u>	<u>209,435</u>
Investments recorded at NAV as practical expedient				433,837
				<u>\$ 643,272</u>

In accordance with ASC 820-10, other investments are measured at fair value using the NAV per share (or its equivalent) practical expedient and have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented on the Statements of Financial Position.

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Dividends and interest	\$ 5,622	\$ 6,434
Realized gain in value of investments	52,100	11,119
Management fees	(7,028)	(3,255)
Unrealized (loss) gain on investments	(123,524)	78,975
	<u>\$ (72,830)</u>	<u>\$ 93,273</u>

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

7) Long-term debt

Long-term debt consists of the following:

	<u>2022</u>	<u>2021</u>
Economic Injury Disaster Loan from the Small Business Association (SBA). Monthly payments begin one year after the note and total approximately \$640 with an interest rate of 2.75%. The note matures May 13, 2050.	\$ 149,900	\$ 149,900
A note payable to a bank under the SBA's Paycheck Protection Program Round 2. Monthly payments of \$3,170 begin after the first ten months with an interest rate of 1.00%. The note was forgiven and is included in income on the consolidated statement of activities.	-	136,880
	149,900	286,780
Less: current portion	-	27,000
Long-term debt, less current portion	\$ 149,900	\$ 259,780

Future maturities of long-term debt are as follows:

<u>For the Year Ending</u>	<u>Amount</u>
2023	\$ 3,700
2024	3,800
2025	3,900
2026	4,000
2027	4,100
Thereafter	130,400

8) Board designated endowments

On February 27, 2018 the Board of Directors approved the establishment of a Reserve Fund to serve as contingency to cover a shortage of cash flow caused by exceptional unbudgeted expenses, loss of predicted funding, or an unforeseen opportunity. The Reserve Fund should not be used to cover regular budgeted expenses, except in the extreme cases in which anticipated funding did not come through, or that actual expenditure exceeded the amount expected.

In order to draw funds under the above circumstances, the Finance Committee must approve the use of the money. The Reserve Fund may be used to cover an unforeseen opportunity. In this instance, the Executive Committee of the Board should review the opportunity and make the recommendation to use a portion of the funds. This account shall provide ready access to the funds for liquidity, as KID smART may require. If the Finance Committee authorizes the Executive Director to access funds for liquidity, a liability will be recorded on KID smART's books to reflect the withdrawal, and these funds shall be repaid to the Reserve Fund as soon as practicable.

KID smART has as a goal the creation of a reserve fund totaling a third of the KID smART's annual expenses. The Reserve Fund will be increased by a minimum of \$5,000 per year, until that goal is met, and maintained at that level each year thereafter. A portion of the Reserve Fund shall be invested in an account with no capital risk where the preservation of the principal is of paramount concern. Accordingly, a third of the Reserve Fund is invested in certificates of deposit and the remaining amount is invested in the Greater New Orleans Foundation's Quasi-Endowment Fund.

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

8) Board designated endowments (continued)

Changes in net assets without donor restrictions that are board-designated as an endowment for the years ended June 30, 2022 and 2021 consists of the following:

	<u>2022</u>	<u>2021</u>
Board-designated endowment, beginning of year	\$ 752,469	\$ 380,231
Contributions	43,655	278,969
Dividends and interest	5,576	6,430
Realized gain	52,100	11,119
Unrealized (loss) gain	(123,524)	78,975
Management fees	(7,028)	(3,255)
Board-designated endowment, end of year	<u>\$ 723,248</u>	<u>\$ 752,469</u>

9) Operating lease

KID smART leases its administrative facility at 2533 Columbus Street under a five-year operating lease beginning July 1, 2018 through June 30, 2023. The first three years of the lease requires monthly payments of \$1,675 and the remaining two years of the lease requires monthly payments of \$1,750. NOAEA leases its administrative facility at the same location under a five-year operating lease beginning July 1, 2018 through June 30, 2023. The first three years of the lease requires monthly payments of \$295 and the remaining two years of the lease requires monthly payments of \$350.

Rental expense for the years ended June 30, 2022 and 2021 totaled \$25,744 and \$20,165, respectively, which is included in office expense on the statements of functional expenses

Future minimum rental payments are as follows for the years ending June 30:

<u>Year Ending</u>	<u>Amount</u>
2023	\$ 25,200

10) Donated materials, facilities and services

KID smART receives donated goods, facilities, and services from unpaid volunteers who assist in fundraising and special projects. The amounts have been recognized in the accompanying statements of activities as they meet the criteria for recognition under FASB ASC 958-605, *Accounting for Contributions Received and Contributions Made*.

Donated materials, facilities, and services are as follows for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Materials	<u>\$ 6,896</u>	<u>\$ 1,580</u>
	<u>\$ 6,896</u>	<u>\$ 1,580</u>

11) Related party transactions

NOAEA pays a monthly management fee to KID smART in the amount of \$1,250 per month. This fee represents compensation for the administrative, policy, fund development, and financial support services of the organization. Management fees for the years ended June 30, 2022 and 2021 were \$15,000.

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

11) Related party transactions (continued)

NOAEA also pays KID smART for health insurance expenses for NOAEA staff in addition to the monthly fee. Health insurance expenses for the years ended June 30, 2022 and 2021 were \$6,590 and \$6,165 respectively. All intercompany transactions have been eliminated in the consolidated financial statements.

12) Coronavirus (COVID-19)

The COVID-19 pandemic has impacted and could further impact the Organization's operations and the operations of the Organization's suppliers and vendors due to quarantines, facility closures, and travel and logistics restrictions. The extent to which the COVID-19 pandemic impacts the Organization's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of the COVID-19 pandemic, the effects of the COVID-19 pandemic on the Organization's customers, suppliers and vendors.

Even after the COVID-19 pandemic has subsided, the Organization may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future. Therefore, the Organization cannot reasonably estimate the impact at this time.

13) New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statements of financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021. Management is currently assessing the impact of this pronouncement on its financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This accounting standard improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. The standard was effective for annual periods beginning after June 15, 2021. The presentation and disclosures have been enhanced in accordance with the Standard.

14) Subsequent events

The Organization has evaluated subsequent events through the date of the auditors' report, the date which the consolidated financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosures in these consolidated financial statements.

KIDSMART AND SUBSIDIARY
 SCHEDULE OF COMPENSATION, BENEFITS,
 AND OTHER PAYMENTS TO AGENCY HEADS
 For the Year Ended June 30, 2022

	KID smART	NOAEA
	Elise Goldman	J. Celeste Kee
	Executive Director	Executive Director
Total compensation, benefits, and other payments	\$ -	\$ -

There were no payments for the benefits of the Executive Directors that were derived from the public funds (state and/or local governmental funds and/or federal funds passed through a state or local government agency).

KID SMART AND SUBSIDIARY
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

June 30, 2022

	<u>KID smART</u>	<u>NOAEA</u>	<u>Totals Before Consolidating Entries</u>	<u>Consolidating Entries</u>	<u>Consolidated Totals</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 648,039	\$ 37,769	\$ 685,808	\$ -	\$ 685,808
Grants and contracts receivable	25,013	-	25,013	(5,519)	19,494
Prepaid expenses	<u>26</u>	<u>-</u>	<u>26</u>	<u>-</u>	<u>26</u>
Total current assets	673,078	37,769	710,847	(5,519)	705,328
Investments	723,843	-	723,843	-	723,843
Other noncurrent assets	<u>2,000</u>	<u>500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total assets	<u>\$ 1,398,921</u>	<u>\$ 38,269</u>	<u>\$ 1,437,190</u>	<u>\$ (5,519)</u>	<u>\$ 1,431,671</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	\$ 19,398	\$ 5,519	\$ 24,917	\$ (5,519)	\$ 19,398
Accrued compensated absences	<u>28,777</u>	<u>4,615</u>	<u>33,392</u>	<u>-</u>	<u>33,392</u>
Total current liabilities	48,175	10,134	58,309	(5,519)	52,790
Long-term debt, less current portion	<u>149,900</u>	<u>-</u>	<u>149,900</u>	<u>-</u>	<u>149,900</u>
Total liabilities	<u>198,075</u>	<u>10,134</u>	<u>208,209</u>	<u>(5,519)</u>	<u>202,690</u>
NET ASSETS					
Without donor restrictions:					
Undesignated	291,083	28,135	319,218	-	319,218
Board designated reserve fund	723,248	-	723,248	-	723,248
With donor restrictions	<u>186,515</u>	<u>-</u>	<u>186,515</u>	<u>-</u>	<u>186,515</u>
Total net assets	<u>1,200,846</u>	<u>28,135</u>	<u>1,228,981</u>	<u>-</u>	<u>1,228,981</u>
Total liabilities and net assets	<u>\$ 1,398,921</u>	<u>\$ 38,269</u>	<u>\$ 1,437,190</u>	<u>\$ (5,519)</u>	<u>\$ 1,431,671</u>

KID SMART AND SUBSIDIARY
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

June 30, 2021

	<u>KID smART</u>	<u>NOAEA</u>	<u>Totals Before Consolidating Entries</u>	<u>Consolidating Entries</u>	<u>Consolidated Totals</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 768,348	\$ 49,311	\$ 817,659	\$ -	\$ 817,659
Grants and contracts receivable	42,498	-	42,498	(4,953)	37,545
Prepaid expenses	25	242	267	-	267
Total current assets	<u>810,871</u>	<u>49,553</u>	<u>860,424</u>	<u>(4,953)</u>	<u>855,471</u>
Investments	643,272	-	643,272	-	643,272
Other noncurrent assets	<u>2,000</u>	<u>500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total assets	<u><u>\$ 1,456,143</u></u>	<u><u>\$ 50,053</u></u>	<u><u>\$ 1,506,196</u></u>	<u><u>\$ (4,953)</u></u>	<u><u>\$ 1,501,243</u></u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	\$ 2,660	\$ 4,975	\$ 7,635	\$ (4,953)	\$ 2,682
Accrued compensated absences	21,638	2,774	24,412	-	24,412
Current portion of long-term debt	<u>27,000</u>	<u>-</u>	<u>27,000</u>	<u>-</u>	<u>27,000</u>
Total current liabilities	<u>51,298</u>	<u>7,749</u>	<u>59,047</u>	<u>(4,953)</u>	<u>54,094</u>
Long-term debt, less current portion	<u>259,780</u>	<u>-</u>	<u>259,780</u>	<u>-</u>	<u>259,780</u>
Total liabilities	<u><u>311,078</u></u>	<u><u>7,749</u></u>	<u><u>318,827</u></u>	<u><u>(4,953)</u></u>	<u><u>313,874</u></u>
NET ASSETS					
Without donor restrictions:					
Undesignated	214,111	42,304	256,415	-	256,415
Board designated reserve fund	752,469	-	752,469	-	752,469
With donor restrictions	<u>178,485</u>	<u>-</u>	<u>178,485</u>	<u>-</u>	<u>178,485</u>
Total net assets	<u><u>1,145,065</u></u>	<u><u>42,304</u></u>	<u><u>1,187,369</u></u>	<u><u>-</u></u>	<u><u>1,187,369</u></u>
Total liabilities and net assets	<u><u>\$ 1,456,143</u></u>	<u><u>\$ 50,053</u></u>	<u><u>\$ 1,506,196</u></u>	<u><u>\$ (4,953)</u></u>	<u><u>\$ 1,501,243</u></u>

KID SMART AND SUBSIDIARY
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2022

	KID smART Without Donor Restrictions	NOAEA Without Donor Restrictions	KID smART With Donor Restrictions	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues and other support						
Public support - government grants	\$ 58,929	\$ 30,000	\$ -	\$ 88,929	\$ -	\$ 88,929
Paycheck Protection Program loan forgiveness	136,880	-	-	136,880	-	136,880
Other support:						
Private donors	125,519	-	-	125,519	-	125,519
Corporate donors	21,702	-	-	21,702	-	21,702
Foundations	408,941	85,860	186,515	681,316	-	681,316
Contracts	434,682	-	-	434,682	(15,000)	419,682
Other income	4,609	-	-	4,609	-	4,609
Net assets released from restrictions	178,485	-	(178,485)	-	-	-
Total revenue and other support	1,369,747	115,860	8,030	1,493,637	(15,000)	1,478,637
Expenses						
Program services	1,053,422	106,661	-	1,160,083	(12,300)	1,147,783
Supporting services:						
Management and general	54,361	6,504	-	60,865	(750)	60,115
Fundraising	141,337	16,910	-	158,247	(1,950)	156,297
Total expenses	1,249,120	130,075	-	1,379,195	(15,000)	1,364,195
Other income (expense):						
Interest income	5,576	46	-	5,622	-	5,622
Investment loss, net	(78,452)	-	-	(78,452)	-	(78,452)
Total other (expense) income	(72,876)	46	-	(72,830)	-	(72,830)
Change in net assets	47,751	(14,169)	8,030	41,612	-	41,612
Net assets						
Beginning of year	1,002,330	6,554	178,485	1,187,369	-	1,187,369
End of year	<u>\$ 1,050,081</u>	<u>\$ (7,615)</u>	<u>\$ 186,515</u>	<u>\$ 1,228,981</u>	<u>\$ -</u>	<u>\$ 1,228,981</u>

KID SMART AND SUBSIDIARY
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2021

	KID smART Without Donor Restrictions	NOAEA Without Donor Restrictions	KID smART With Donor Restrictions	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues and other support						
Public support - government grants	\$ 213,013	\$ 37,533	\$ -	\$ 250,546	\$ -	\$ 250,546
Other support:						
Private donors	146,758	550	-	147,308	-	147,308
Corporate donors	47,865	-	-	47,865	-	47,865
Foundations	290,034	100,760	178,485	569,279	-	569,279
Other grants	21,000	-	-	21,000	-	21,000
Contracts	352,507	-	-	352,507	(15,000)	337,507
Other income	5,433	3,029	-	8,462	-	8,462
Net assets released from restrictions	112,000	-	(112,000)	-	-	-
Total revenue and other support	<u>1,188,610</u>	<u>141,872</u>	<u>66,485</u>	<u>1,396,967</u>	<u>(15,000)</u>	<u>1,381,967</u>
Expenses						
Program services	865,204	109,697	-	974,901	(12,300)	962,601
Supporting services:						
Management and general	44,430	6,689	-	51,119	(750)	50,369
Fundraising	115,516	17,391	-	132,907	(1,950)	130,957
Total expenses	<u>1,025,150</u>	<u>133,777</u>	<u>-</u>	<u>1,158,927</u>	<u>(15,000)</u>	<u>1,143,927</u>
Other income (expenses):						
Interest income	6,430	4	-	6,434	-	6,434
Investment loss, net	86,839	-	-	86,839	-	86,839
Total other income	<u>93,269</u>	<u>4</u>	<u>-</u>	<u>93,273</u>	<u>-</u>	<u>93,273</u>
Change in net assets	256,729	8,099	66,485	331,313	-	331,313
Net assets						
Beginning of year	745,601	(1,545)	112,000	856,056	-	856,056
End of year	<u>\$ 1,002,330</u>	<u>\$ 6,554</u>	<u>\$ 178,485</u>	<u>\$ 1,187,369</u>	<u>\$ -</u>	<u>\$ 1,187,369</u>

KID SMART AND SUBSIDIARY
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF FUNTIONAL EXPENSES
For the Year Ended June 30, 2022

	KID smART Supporting Services			NOAEA Supporting Services			Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising			
Salaries	\$ 537,321	\$ 32,764	\$ 85,185	\$ 50,710	\$ 3,092	\$ 8,039	\$ 717,112	\$ -	\$ 717,112
Teaching artist wages	161,904	-	-	-	-	-	161,904	-	161,904
Payroll taxes and employee benefits	135,507	8,263	21,483	9,140	557	1,449	176,398	-	176,398
Total salaries and related expenses	<u>834,732</u>	<u>41,026</u>	<u>106,668</u>	<u>59,850</u>	<u>3,649</u>	<u>9,488</u>	<u>1,055,414</u>	<u>-</u>	<u>1,055,414</u>
Contractual labor	40,430	2,465	6,410	1,804	110	286	51,505	-	51,505
Professional services	24,440	1,490	3,875	109	7	17	29,938	-	29,938
Teacher stipends	34,238	2,088	5,428	-	-	-	41,754	-	41,754
Education	12,173	742	1,930	-	-	-	14,845	-	14,845
Public relations	7,161	437	1,135	-	-	-	8,733	-	8,733
Special projects and workshops	5,077	310	805	569	35	90	6,885	-	6,885
Supplies	24,731	1,508	3,921	417	25	66	30,668	-	30,668
School resources	3,118	190	494	-	-	-	3,802	-	3,802
Subscriptions	8,357	510	1,325	24,721	1,507	3,919	40,339	-	40,339
Telephone	5,989	365	950	1,260	77	200	8,840	-	8,840
Meetings	795	48	126	176	11	28	1,184	-	1,184
Postage	368	22	58	-	-	-	449	-	449
Printing and copying	12,135	740	1,924	-	-	-	14,799	-	14,799
Office expense	21,110	1,287	3,347	3,444	210	546	29,944	-	29,944
Bank charges	2,018	123	320	-	-	-	2,461	-	2,461
Payroll fees	1,362	83	216	640	39	102	2,442	-	2,442
Miscellaneous	2,738	167	434	12,300	750	1,950	18,339	(15,000)	3,339
Travel	3,507	214	556	34	2	5	4,319	-	4,319
Insurance	8,941	545	1,418	1,337	82	212	12,535	-	12,535
Total functional expenses	<u>\$ 1,053,421</u>	<u>\$ 54,361</u>	<u>\$ 141,338</u>	<u>\$ 106,662</u>	<u>\$ 6,504</u>	<u>\$ 16,910</u>	<u>\$ 1,379,195</u>	<u>\$ (15,000)</u>	<u>\$ 1,364,195</u>

KID SMART AND SUBSIDIARY
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF FUNTIONAL EXPENSES
For the Year Ended June 30, 2021

	KID smART Supporting Services			Program Services	NOAEA Supporting Services		Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
	Program Services	Management and General	Fundraising		Management and General	Fundraising			
Salaries	\$ 440,059	\$ 26,833	\$ 69,765	\$ 50,314	\$ 3,068	\$ 7,977	\$ 598,015	\$ -	\$ 598,015
Teaching artist wages	136,557	-	-	-	-	-	136,557	-	136,557
Payroll taxes and employee benefits	106,665	6,504	16,910	8,793	536	1,394	140,802	-	140,802
Total salaries and related expenses	<u>683,281</u>	<u>33,337</u>	<u>86,676</u>	<u>59,106</u>	<u>3,604</u>	<u>9,371</u>	<u>875,374</u>	<u>-</u>	<u>875,374</u>
Contractual labor	39,220	2,391	6,218	3,276	200	519	51,824	-	51,824
Professional services	11,344	692	1,798	71	4	11	13,921	-	13,921
Teacher stipends	44,368	2,705	7,034	-	-	-	54,107	-	54,107
Education	4,205	256	667	-	-	-	5,128	-	5,128
Public relations	6,708	409	1,063	-	-	-	8,180	-	8,180
Special projects and workshops	300	18	48	1,414	86	224	2,090	-	2,090
Supplies	20,255	1,235	3,211	214	13	34	24,962	-	24,962
School resources	2,156	131	342	-	-	-	2,629	-	2,629
Subscriptions	6,558	400	1,040	24,629	1,502	3,905	38,033	-	38,033
Telephone	7,000	427	1,110	2,657	162	421	11,776	-	11,776
Meetings	307	19	49	129	8	20	531	-	531
Postage	2,607	159	413	19	1	3	3,202	-	3,202
Printing and copying	7,779	474	1,233	20	1	3	9,510	-	9,510
Office expense	15,109	921	2,395	1,427	87	226	20,165	-	20,165
Bank charges	1,507	92	239	130	8	21	1,996	-	1,996
Payroll fees	1,325	81	210	727	44	115	2,503	-	2,503
Miscellaneous	3,142	192	498	13,407	818	2,126	20,182	(15,000)	5,182
Travel	297	18	47	-	-	-	362	-	362
Insurance	7,738	472	1,227	2,472	151	392	12,452	-	12,452
Total functional expenses	<u>\$ 865,203</u>	<u>\$ 44,430</u>	<u>\$ 115,517</u>	<u>\$ 109,697</u>	<u>\$ 6,689</u>	<u>\$ 17,391</u>	<u>\$ 1,158,927</u>	<u>\$ (15,000)</u>	<u>\$ 1,143,927</u>

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
KID smART and subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KID smART and subsidiary (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered KID smART and subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KID smART and subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of KID smART and subsidiary'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 KID smART and subsidiary's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana
January 30, 2023

Wegmann Bazet

KIDSMART AND SUBSIDIARY
SCHEDULE OF CURRENT YEAR FINDINGS AND RESPOSNES
For the Year Ended June 30, 2022

SECTION I SUMMARY OF INDEPENDENT AUDITORS' REPORTS

1. The independent auditors' report expresses an unmodified opinion on the consolidated financial statements of KID smART and subsidiary.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of KID smART and subsidiary were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended June 30, 2022.

SECTION II FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE

KIDSMART AND SUBSIDIARY
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPOSNES
For the Year Ended June 30, 2021

SECTION I SUMMARY OF INDEPENDENT AUDITORS' REPORTS

1. The independent auditors' report expresses an unmodified opinion on the consolidated financial statements of KID smART and subsidiary.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of KID smART and subsidiary were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended June 30, 2021.

SECTION II FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE