KID smART and subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023 and 2022

Education through imagination. sm

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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, 2023 and 2022, 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, 2023 and 2022, 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 Consolidated 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 Consolidated 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 Consolidated 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 21 – 26 and the Schedule of Compensation, Benefits, and Other Payments to Agency Heads on page 20 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 8, 2024 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 8, 2024

Wegmann Dazet, APC

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 431,318	$ 685,808
Grants and contracts receivable	86,820	19,494
Prepaid expenses	26	26
Total current assets	518,164	705,328
Beneficial interest in assets held by Greater New Orleans Foundation	779,083	723,843
Other noncurrent assets	2,500	2,500
Right of use assets - operating, net of accumulated amortization	98,294	-
Total assets	$ 1,398,041	$ 1,431,671
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	$ 15,051	$ 19,398
Accrued payroll liabilities	20,466	33,392
Current portion of operating lease obligations	16,675	-
Current portion of long term debt	3,800	-
Interest payable	6,123	-
Total current liabilities	62,115	52,790
Operating lease obligation, less current portion	81,193	-
Long-term debt, less current portion	146,200	149,900
Total liabilities	289,508	202,690
NET ASSETS		
Net assets		
Without donor restrictions:		
Undesignated	232,701	319,218
Board designated reserve fund	779,082	723,248
With donor restrictions	96,750	186,515
Total net assets	1,108,533	1,228,981
Total liabilities and net assets	$ 1,398,041	$ 1,431,671

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Public support - government grants	$ 31,206	$ 90,896	$ 122,102
Other support:			
Private donors	170,620	-	170,620
Corporate donors	50,779	-	50,779
Foundations	464,712	208,000	672,712
In-kind donations	11,228	-	11,228
Contracts	222,410	-	222,410
Other income	7,634	-	7,634
Net assets released from restrictions	388,661	(388,661)	-
Total revenue and other support	1,347,250	(89,765)	1,257,485
Expenses			
Program services	1,114,202	-	1,114,202
Supporting services:			
Management and general	154,087	-	154,087
Fundraising	166,934	-	166,934
Total expenses	1,435,223	-	1,435,223
Other income (expense):			
Interest and dividend income	13,748	-	13,748
Investment income, net	43,542	-	43,542
Total other income	57,290	-	57,290
Change in net assets	(30,683)	(89,765)	(120,448)
Net assets			
Beginning of year	1,042,466	186,515	1,228,981
End of year	$ 1,011,783	$ 96,750	$ 1,108,533

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
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	178,485	(178,485)	-
Total revenue and other support	1,470,607	8,030	1,478,637
Expenses			
Program services	1,147,783	-	1,147,783
Supporting services:			
Management and general	60,115	-	60,115
Fundraising	156,297	-	156,297
Total expenses	1,364,195	-	1,364,195
Other income (expense):			
Interest and dividend income	5,622	-	5,622
Investment loss, net	(78,452)	-	(78,452)
Total other expense	(72,830)	-	(72,830)
Change in net assets	33,582	8,030	41,612
Net assets			
Beginning of year	1,008,884	178,485	1,187,369
End of year	$ 1,042,466	$ 186,515	$ 1,228,981

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries	$ 559,323	$ 89,492	$ 96,949	$ 745,764
Teaching artist wages	151,118	-	-	151,118
Payroll taxes and employee benefits	133,655	21,385	23,167	178,207
Total salaries and related expenses	844,096	110,877	120,116	1,075,089
Contractual labor	34,676	5,548	6,011	46,235
Professional services	40,547	6,488	7,028	54,063
Teacher stipends	38,484	6,157	6,671	51,312
Education	6,104	976	1,058	8,138
In-kind donations	8,421	1,347	1,460	11,228
Public relations	10,272	1,644	1,780	13,696
Special projects and workshops	13,246	2,119	2,296	17,661
Supplies	28,078	4,492	4,867	37,437
School resources	4,646	743	805	6,194
Subscriptions	6,902	1,105	1,196	9,203
Telephone	5,183	830	898	6,911
Meetings	4,418	706	766	5,890
Postage	1,462	234	253	1,949
Printing and copying	12,408	1,985	2,151	16,544
Office expense	18,584	2,970	3,220	24,774
Bank charges	11,750	1,880	2,037	15,667
Payroll fees	2,156	344	374	2,874
Miscellaneous	4,014	642	696	5,352
Travel	6,038	965	1,047	8,050
Insurance	12,717	2,035	2,204	16,956
Total functional expenses	$ 1,114,202	$ 154,087	$ 166,934	$1,435,223

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: Management and General	Supporting Services: Fundraising	Total
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	894,582	44,676	116,156	1,055,414
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	$ 1,147,783	$ 60,115	$ 156,297	$1,364,195

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ (120,448)	$ 41,612
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Unrealized and realized (gain) loss	(49,682)	71,424
PPP loan forgiveness	-	(136,880)
Operating lease asset amortization	16,159	-
(Increase) decrease in operating assets:		
Grants and contracts receivable	(67,326)	18,051
Prepaid expenses	-	241
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(4,347)	16,716
Accrued payroll liabilities	(12,926)	8,980
Operating lease obligations	(16,585)	-
Interest payable	6,123	-
Net cash (used) provided by operating activities	(249,032)	20,144
Cash flows from investing activities:		
Purchases of investments	(5,458)	(151,995)
Net cash used by investing activities	(5,458)	(151,995)
Net decrease in cash and cash equivalents	(254,490)	(131,851)
Cash and cash equivalents at beginning of year	685,808	817,659
Cash and cash equivalents at end of year	$ 431,318	$ 685,808

See accompanying Notes to Consolidated Financial Statements.

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.

2) Summary of significant accounting policies (continued)

h) Revenue recognition

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) In-kind contributions

Noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

2) Summary of significant accounting policies (continued)

l) Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Where practicable, expenses are directly classified to specific program or supporting service categories. Costs that are not specifically identifiable within functional categories are classified using allocation methods. Allocated costs and methods include occupancy, software, hardware, subscriptions, supplies, insurance, salaries, payroll taxes, and employee benefits allocated based on time studies.

m) Leases

Effective July 1, 2022, the Organization adopted the amended provisions of ASC Topic 842, *Leases*, using the modified retrospective approach, impacting the reporting and disclosures for leases. Under the revised standard, the Organization recognizes a liability representing the present value of future lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset over the lease term in the consolidated statements of financial position.

The Organization determines if an arrangement is a lease at inception of the contract and assesses the appropriate classification as finance or operating. Finance and operating lease liabilities represent the present value of minimum lease payments not yet paid. Lease assets represent the right to use an underlying asset and are based upon the lease liabilities. To determine the present value of lease payments, the Organization estimates an incremental borrowing rate which represents the rate used for a secured borrowing of a similar term as the lease. Variable lease payments that do not depend on an index or a rate, such as insurance and property taxes, are excluded from the measurement of the lease liability and are expensed when the obligation for that payment is incurred.

The lease term includes the initial contractual terms as well as any options to extend the lease when it is reasonably certain that the Organization will exercise that option. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position. Operating lease payments are charged on a straight-line basis to rent expense over the lease term and finance lease payments are charged to interest expense and amortization over the lease terms. Assets under finance leases are amortized in accordance with the Organization's normal depreciation policy for owned assets or over the lease term, if shorter.

The Organization evaluates whether events and circumstances have occurred that indicate right of use assets have been impaired. Measurement of any impairment of such assets is based on their fair values. Once a right of use asset for a lease is impaired, the carrying amount of the right of use asset is reduced through expense and the remaining balance is subsequently amortized on a straight-line basis. During 2023, the Organization determined that the carrying amount of right of use assets has not exceeded its fair value; accordingly, no impairment losses exist.

For periods prior to July 1, 2022, lease accounting was in accordance with the previously effective guidance of ASC Topic 840, Leases, where operating lease costs were expensed as incurred and non-cancellable future minimum operating lease payments were presented for disclosure only. In accordance with this standard the Organization had no operating lease agreements containing provisions for future rent increases.

2) Summary of significant accounting policies (continued)

n) Accounting standard recently adopted
The Organization adopted ASC Topic 842, Leases, on a modified retrospective basis and elected the transitional provisions eliminating the requirement to restate prior periods. The Organization also elected to not reassess the original conclusions reached regarding lease identification, lease classification and initial direct costs for leases entered into prior to the adoption of ASC Topic 842, Leases. The Organization recognized the following assets and liabilities as a result of the adoption of this standard:

	2023
Right of use assets - operating	$ 114,453
Operating lease obligation	$ (114,453)

o) Advertising
Kid smART and the New Orleans Arts Education Alliance expense advertising as incurred. Advertising expense was $13,696 and $8,733 for the years ended June 30, 2023 and 2022, respectively.

3) Restrictions on assets

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

	2023	2022
Oscar J. Tolmas Charitable Trust	$ 20,000	$ 20,000
GNOF	28,000	15,000
Baptist Community Ministries	48,750	-
Kellogg	-	151,515
	$ 96,750	$ 186,515

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

	2023	2022
LA Division of Arts	$ 2,413	$ -
ACNO	11,016	-
NEA	77,467	-
Booth-Bricker	25,000	-
Baptist Community Ministries	101,250	-
Oscar J. Tolmas Charitable Trust	20,000	15,000
GNOF	-	15,000
Kellogg	151,515	148,485
	$ 388,661	$ 178,485

4) 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

4) Concentrations of credit risk (continued)

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. Revenue from one donor represents 12% of total revenues to KID smART for the year ended June 30, 2023. Revenue from one donor represents 10% of total revenues for the year ended June 30, 2022.

5) 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:

	2023
Cash and cash equivalents	$ 431,318
Grants and contracts receivables	86,820
Less: funds unavailable for general expenditures within one year, due to donor restriction for future purpose or period	(96,750)
	$ 421,388

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

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.

6) Investments (continued)

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, 2023 and 2022.

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.

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 marked 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, 2023 and 2022 are composed of the following:

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Equity Funds	$ 234,762	$ -	$ -	$ 234,762
Fixed Income Funds	53,116	53,646	-	106,762
Money Market Funds	13,293	-	-	13,293
Total assets at fair value	$ 301,171	$ 53,646	$ -	354,817
Investments recorded at NAV as practical expedient				424,266
				$ 779,083

6) Investments (continued)

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
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	$ 238,026	$ 35,881	$ -	273,907
Investments recorded at NAV as practical expedient				449,936
				$ 723,843

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:

	2023	2022
Dividends and interest	$ 13,748	$ 5,622
Realized gain in value of investments	974	52,100
Management fees	(6,140)	(7,028)
Unrealized gain (loss) on investments	48,708	(123,524)
	$ 57,290	$ (72,830)

7) Long-term debt

Long-term debt consists of the following:

	2023	2022
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.	$ 150,000	$ 149,900
Total long-term debt	150,000	149,900
Less: current portion	3,800	-
Long-term debt, less current portion	$ 146,200	$ 149,900

7) Long-term debt (continued)

Future maturities of long-term debt are as follows:

For the Year Ending	Amount
2024	$ 3,800
2025	3,900
2026	4,000
2027	4,100
2028	4,200
Thereafter	130,000

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 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.

Changes in net assets without donor restrictions that are board-designated as an endowment for the years ended June 30, 2023 and 2022 consists of the following:

	2023	2022
Board-designated endowment, beginning of year	$ 723,248	$ 752,469
Contributions	-	43,655
Dividends and interest	13,748	5,576
Realized gain	974	52,100
Unrealized gain (loss)	48,708	(123,524)
Management fees	(7,596)	(7,028)
Board-designated endowment, end of year	$ 779,082	$ 723,248

9) Leases

The Company leases office space under an agreement, which is classified as an operating lease. The lease does not contain a significant residual value guaranty and does not impose significant restrictions or covenants.

9) Leases (continued)

At June 30, 2023, the remaining lease term for the operating lease was approximately 5 years. The discount rate for the operating lease was 4.13%.

The table below presents certain information related to lease costs for the year ended June 30, 2023:

Operating lease cost	$ 20,574
Short-term lease cost	4,200
Total lease costs	$ 24,774

Maturties of lease liabilites as of June 30, 2023 are as follows:

For the years ending June 30:	Amount
2024	$ 20,400
2025	20,100
2026	20,100
2027	20,700
2028	21,000
Thereafter	7,000
Total	109,300
Less: present value discount	(11,432)
Lease liability	97,868
Less: current portion of lease liability	(16,675)
Long term portion of lease liability	81,193

The following is related to the Company's lease accounting policy under ASC Topic 840 for the year ended June 30, 2022.

Future minimum lease payments under non-cancelable operating lease agreements as of June 30, 2022 are as follows:

Year Ending June 30	Amount
2023	$ 25,200

10) In-kind contributions

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.*

10) In-kind contributions (continued)

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

	2023	2022
Auction and items	$ 854	$ -
Event space	1,000	-
Professional services	500	-
Materials	8,874	6,896
	$ 11,228	$ 6,896

Donated goods services are recognized at fair value based on current rates for similar goods and services. Donated auction items are valued at the sales price received during the auction on the day of the event. All gifts-in-kind received during the years ended June 30, 2023 and 2022 were unrestricted.

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, 2023 and 2022 were $15,000.

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, 2023 and 2022 were $5,018 and $6,590 respectively. All intercompany transactions have been eliminated in the consolidated financial statements.

12) Supplemental cash flows disclosures

	2023	2022
Forgiveness of Paycheck Protection Program	$ -	$ 136,880
Right-of-use asset obtained in exchange for lease obligation	$ 114,453	$ -

13) 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, 2023

	KID smART Elise Goldman Executive Director	NOAEA J. Celeste Kee Executive Director
Total compensation	$ 2,655	$ -

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

June 30, 2023

	KID smART	NOAEA	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS					
Current assets					
Cash and cash equivalents	$ 387,501	$ 43,817	$ 431,318	$ -	$ 431,318
Grants and contracts receivable	94,310	-	94,310	(7,490)	86,820
Prepaid expenses	26	-	26	-	26
Total current assets	481,837	43,817	525,654	(7,490)	518,164
Beneficial interest in assets held by Greater New Orleans Foundation	779,083	-	779,083	-	779,083
Other noncurrent assets	2,000	500	2,500	-	2,500
Right of use assets - operating, net of accumulated amortization	98,294	-	98,294	-	98,294
Total assets	$ 1,361,214	$ 44,317	$ 1,405,531	$ (7,490)	$ 1,398,041
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	$ 14,814	$ 7,727	$ 22,541	$ (7,490)	$ 15,051
Accrued compensated absences	18,558	1,908	20,466	-	20,466
Current portion of operating lease obligations	16,675	-	16,675	-	16,675
Current portion of long term debt	3,800	-	3,800	-	3,800
Interest payable	6,123	-	6,123	-	6,123
Total current liabilities	59,970	9,635	69,605	(7,490)	62,115
Operating lease obligation, less current portion	81,193	-	81,193	-	81,193
Long-term debt, less current portion	146,200	-	146,200	-	146,200
Total liabilities	287,363	9,635	296,998	(7,490)	289,508
NET ASSETS					
Without donor restrictions:					
Undesignated	198,019	34,682	232,701	-	232,701
Board designated reserve fund	779,082	-	779,082	-	779,082
With donor restrictions	96,750	-	96,750	-	96,750
Total net assets	1,073,851	34,682	1,108,533	-	1,108,533
Total liabilities and net assets	$ 1,361,214	$ 44,317	$ 1,405,531	$ (7,490)	$ 1,398,041

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

June 30, 2022

	KID smART	NOAEA	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
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	26	-	26	-	26
Total current assets	673,078	37,769	710,847	(5,519)	705,328
Beneficial interest in assets held by Greater New Orleans Foundation	723,843	-	723,843	-	723,843
Other noncurrent assets	2,000	500	2,500	-	2,500
Total assets	$ 1,398,921	$ 38,269	$ 1,437,190	$ (5,519)	$ 1,431,671
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	$ 19,398	$ 5,519	$ 24,917	$ (5,519)	$ 19,398
Accrued compensated absences	28,777	4,615	33,392	-	33,392
Total current liabilities	48,175	10,134	58,309	(5,519)	52,790
Long-term debt, less current portion	149,900	-	149,900	-	149,900
Total liabilities	198,075	10,134	208,209	(5,519)	202,690
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	186,515	-	186,515	-	186,515
Total net assets	1,200,846	28,135	1,228,981	-	1,228,981
Total liabilities and net assets	$ 1,398,921	$ 38,269	$ 1,437,190	$ (5,519)	$ 1,431,671

KID SMART AND SUBSIDIARY
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2023

	KID smART Without Donor Restrictions	NOAEA Without Donor Restrictions	KID smART With Donor Restrictions	NOAEA With Donor Restrictions	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Revenues and other support							
Public support - government grants	$ 31,206	$ -	$ 58,429	$ 32,467	$ 122,102	$ -	$ 122,102
Other support:							
Private donors	170,620	-	-	-	170,620	-	170,620
Corporate donors	50,779	-	-	-	50,779	-	50,779
Foundations	401,432	63,280	208,000	-	672,712	-	672,712
In-kind donations	11,228	-	-	-	11,228	-	11,228
Contracts	237,410	-	-	-	237,410	(15,000)	222,410
Other income	3,540	4,094	-	-	7,634	-	7,634
Net assets released from restrictions	356,194	32,467	(356,194)	(32,467)	-	-	-
Total revenue and other support	1,262,409	99,841	(89,765)	-	1,272,485	(15,000)	1,257,485
Expenses							
Program services	1,055,481	69,971	-	-	1,125,452	(11,250)	1,114,202
Supporting services:							
Management and general	144,692	11,195	-	-	155,887	(1,800)	154,087
Fundraising	156,757	12,127	-	-	168,884	(1,950)	166,934
Total expenses	1,356,930	93,293	-	-	1,450,223	(15,000)	1,435,223
Other income:							
Interest and dividend income	13,748	-	-	-	13,748	-	13,748
Investment income, net	43,542	-	-	-	43,542	-	43,542
Total other income	57,290	-	-	-	57,290	-	57,290
Change in net assets	(37,231)	6,548	(89,765)	-	(120,448)	-	(120,448)
Net assets							
Beginning of year	1,050,081	(7,615)	186,515	-	1,228,981	-	1,228,981
End of year	$ 1,012,850	$ (1,067)	$ 96,750	$ -	$ 1,108,533	$ -	$ 1,108,533

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 (expenses):						
Interest and dividend 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	$ 1,050,081	$ (7,615)	$ 186,515	$ 1,228,981	$ -	$ 1,228,981

KID SMART AND SUBSIDIARY
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023

	KID smART			NOAEA					
		Supporting Services			Supporting Services				
	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
Salaries	$ 521,181	$ 83,389	$ 90,338	$ 38,142	$ 6,103	$ 6,611	$ 745,764	$ -	$ 745,764
Teaching artist wages	151,118	-	-	-	-	-	151,118	-	151,118
Payroll taxes and employee benefits	126,995	20,318	22,012	6,661	1,066	1,155	178,207	-	178,207
Total salaries and related expenses	799,294	103,707	112,350	44,803	7,169	7,766	1,075,089	-	1,075,089
Contractual labor	33,551	5,368	5,816	1,125	180	195	46,235	-	46,235
Professional services	39,484	6,317	6,844	1,064	170	184	54,063	-	54,063
Teacher stipends	38,484	6,157	6,671	-	-	-	51,312	-	51,312
Education	6,104	976	1,058	-	-	-	8,138	-	8,138
In-kind donations	8,421	1,347	1,460	-	-	-	11,228		11,228
Public relations	10,272	1,644	1,780	-	-	-	13,696	-	13,696
Special projects and workshops	11,117	1,778	1,927	2,129	341	369	17,661	-	17,661
Supplies	28,011	4,481	4,855	67	11	12	37,437	-	37,437
School resources	4,646	743	805	-	-	-	6,194	-	6,194
Subscriptions	6,877	1,100	1,192	26	4	4	9,203	-	9,203
Telephone	3,744	600	649	1,439	230	249	6,911	-	6,911
Meetings	4,296	687	745	122	19	21	5,890	-	5,890
Postage	1,462	234	253	-	-	-	1,949	-	1,949
Printing and copying	12,403	1,984	2,150	5	1	1	16,544	-	16,544
Office expense	15,431	2,468	2,675	3,150	504	546	24,774	-	24,774
Bank charges	11,750	1,880	2,037	-	-	-	15,667	-	15,667
Payroll fees	1,473	236	255	683	109	118	2,874	-	2,874
Miscellaneous	4,014	642	696	11,250	1,800	1,950	20,352	(15,000)	5,352
Travel	4,212	674	730	1,826	292	316	8,050	-	8,050
Insurance	10,435	1,669	1,809	2,282	365	396	16,956	-	16,956
Total functional expenses	$ 1,055,481	$ 144,692	$ 156,757	$ 69,971	$ 11,195	$ 12,127	$ 1,450,223	$ (15,000)	$ 1,435,223

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

	KID smART			NOAEA					
		Supporting Services			Supporting Services				
	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
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	834,732	41,026	106,668	59,850	3,649	9,488	1,055,414	-	1,055,414
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	$ 1,053,421	$ 54,361	$ 141,338	$ 106,662	$ 6,504	$ 16,910	$ 1,379,195	$ (15,000)	$ 1,364,195

Wegmann Dazet
CERTIFIED PUBLIC ACCOUNTANTS

Jon S. Folse
Lisa D. Englade
Kerney F. Craft, Jr.
Jonathan P. Koenig
John D. White

~~Valerie L. Lowry~~
Thomas R. Laine
Brian M. Menendez
James G. Hargrove
Richard J. Tullier, Jr.

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 8, 2024.

Report on 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) as a basis for designing 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a significant deficiency.

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 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 instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2023-001.

KID smART and Subsidiary's Response to Findings

KID smART and subsidiary's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. KID smART and subsidiary's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control 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 8, 2024

Wegmann Dazet, APC

SECTION I SUMMARY OF THE AUDITORS' RESULTS

1. Type of report issued on the consolidated financial statements: **Unmodified Opinion**.

2. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **Yes**. Material weaknesses: **No**.

3. Noncompliance which is material to the financial statements: **No.**

4. A management letter was issued: **No**.

SECTION II FINANCIAL STATEMENT FINDINGS

2023-001: Compliance with Annual Filing Deadline

Condition:
The audit report for the year ended June 30, 2023 was not submitted withing six (6) months after year end as required by state law.

Criteria:
Louisiana Revised Statute 24:513 requires that all engagements be completed and transmitted to the legislative auditor within six months of the close of the auditee's fiscal year.

Cause:
The Organization did not file its report for June 30, 2023 within six months of the end of its fiscal year due to the Board not approving the report until after the six month deadline.

Effect:
The Organization is not in compliance with State Law governing the completion and submission of audit reports.

Recommendation:
We recommend that management make every effort to submit its financials within the six months after year end as required by State Law.

Views of the responsible officials:
Going forward, the Organization will schedule a Board meeting prior to the six month deadline to ensure timely filing of the financials as required by State Law.

KIDSMART AND SUBSIDIARY
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
For the Year Ended June 30, 2022

SECTION I SUMMARY OF THE AUDITORS' RESULTS

1. Type of report issued on the consolidated financial statements: **Unmodified Opinion**.

2. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **No**. Material weaknesses: **No**.

3. Noncompliance which is material to the financial statements: **No.**

4. A management letter was issued: **No**.

SECTION II FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE