

THE IDEA VILLAGE, INC.

FINANCIAL STATEMENTS

June 30, 2021 and 2020

THE IDEA VILLAGE, INC.
NEW ORLEANS, LOUISIANA

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Idea Village, Inc.
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of The Idea Village, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Idea Village, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Idea Village, Inc. 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Idea Village, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Idea Village, Inc.'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

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Summary of Compensation, Benefits and Other Payments to Agency Heads is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report December 15, 2021 on our consideration of The Idea Village, Inc.'s internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Idea Village, Inc.'s internal control over financial reporting and compliance.

Metairie, Louisiana
December 15, 2021

Wegmann Bazet APC

THE IDEA VILLAGE, INC.
STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 667,103	\$ 449,303
Contributions receivable	-	14,115
Pledges receivable	15,000	-
Total current assets	682,103	463,418
Notes receivable	100,000	50,000
Investments	200,000	200,000
Total assets	\$ 982,103	\$ 713,418
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 16,760	\$ 15,505
Other current liabilities	4,729	-
Deferred revenue	125,000	100,000
Current portion of long-term debt	9,879	13,311
Total current liabilities	156,368	128,816
Long-term debt, less current portion	57,241	37,324
Total liabilities	213,609	166,140
NET ASSETS		
Net assets		
Without donor restrictions	768,494	547,278
Total net assets	768,494	547,278
Total liabilities and net assets	\$ 982,103	\$ 713,418

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Donations	\$ 615,396	\$ 700,000	\$ 1,315,396
Program fees	8,768	-	8,768
Other revenue	51,619	-	51,619
Net assets released from restrictions	<u>700,000</u>	<u>(700,000)</u>	<u>-</u>
Total revenues	<u>1,375,783</u>	<u>-</u>	<u>1,375,783</u>
Expenses			
Program services			
Fundraising	94,820	-	94,820
Supporting services			
Core activities	828,184	-	828,184
General and administrative	<u>231,563</u>	<u>-</u>	<u>231,563</u>
Total expenses	<u>1,154,567</u>	<u>-</u>	<u>1,154,567</u>
Change in net assets	221,216	-	221,216
Net assets			
Beginning of year	<u>547,278</u>	<u>-</u>	<u>547,278</u>
End of year	<u>\$ 768,494</u>	<u>\$ -</u>	<u>\$ 768,494</u>

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Donations	\$ 917,013	\$ -	\$ 917,013
Program fees	31,962	-	31,962
Other revenue	15,078	-	15,078
Net assets released from restrictions	-	-	-
Total revenues	<u>964,053</u>	<u>-</u>	<u>964,053</u>
Expenses			
Program services			
Fundraising	76,243	-	76,243
Supporting services			
Core activities	668,538	-	668,538
General and administrative	120,610	-	120,610
Total expenses	<u>865,391</u>	<u>-</u>	<u>865,391</u>
Change in net assets	98,662	-	98,662
Net assets			
Beginning of year	<u>448,616</u>	<u>-</u>	<u>448,616</u>
End of year	<u>\$ 547,278</u>	<u>\$ -</u>	<u>\$ 547,278</u>

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	<u>Program Services</u>		<u>General and Administrative</u>	<u>Total Expenses</u>
	<u>Fundraising</u>	<u>Core Activities</u>		
Accounting	\$ -	\$ -	\$ 11,153	\$ 11,153
Auto rental	-	377	-	377
Contract labor fees	-	63,067	-	63,067
Events expense	-	178,399	-	178,399
Information technology	-	27,622	-	27,622
Insurance	543	25,408	166	26,117
In-kind expense	-	49,000	19,306	68,306
Marketing	-	620	-	620
Meals and entertainment	77	80	-	157
Meeting	-	9,746	-	9,746
Office supplies	-	2,193	1,563	3,756
Other expense	3,604	20,938	32,588	57,130
Parking and tolls	-	161	187	348
Payroll taxes and employee benefits	5,889	30,546	354	36,789
Printing and reproduction	-	1,266	151	1,417
Professional fees	7,700	-	-	7,700
Professional development	28	6,968	45,717	52,713
Public relations	-	1,000	-	1,000
Rent expense	-	10,236	117,021	127,257
Salary and wages	76,979	399,295	3,225	479,499
Travel	-	1,262	132	1,394
	<u>\$ 94,820</u>	<u>\$ 828,184</u>	<u>\$ 231,563</u>	<u>\$ 1,154,567</u>
Total expenses	<u>\$ 94,820</u>	<u>\$ 828,184</u>	<u>\$ 231,563</u>	<u>\$ 1,154,567</u>

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	<u>Program Services</u>			<u>Total Expenses</u>
	<u>Fundraising</u>	<u>Core Activities</u>	<u>General and Administrative</u>	
Accounting	\$ 4,000	\$ 29,600	\$ 17,668	\$ 51,268
Auto rental	-	-	628	628
Bank service charge	-	-	1,936	1,936
Contract labor fees	-	164,243	-	164,243
Events expense	328	139,487	379	140,194
Information technology	-	3,277	3,558	6,835
Insurance	1,047	20,645	1,679	23,371
In-kind expense	-	7,879	12,700	20,579
Marketing	-	4,394	-	4,394
Meals and entertainment	603	-	6,700	7,303
Meeting	-	11,380	164	11,544
Office supplies	-	605	209	814
Other expense	-	70	8,804	8,874
Parking and tolls	930	6,882	1,488	9,300
Payroll service fees	-	-	3,997	3,997
Payroll taxes and employee benefits	2,811	3,642	28,219	34,672
Postage and delivery	57	-	-	57
Printing and reproduction	225	911	538	1,674
Production	-	10,900	-	10,900
Professional fees	18,300	-	254	18,554
Rent expense	10,623	78,627	17,000	106,250
Salary and wages	36,742	185,996	12,640	235,378
Travel	577	-	2,049	2,626
	<u>577</u>	<u>-</u>	<u>2,049</u>	<u>2,626</u>
Total expenses	<u>\$ 76,243</u>	<u>\$ 668,538</u>	<u>\$ 120,610</u>	<u>\$ 865,391</u>

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 221,216	\$ 98,662
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of PPP loan	(50,635)	-
(Increase) decrease in operating assets:		
Contributions receivable	14,115	18,180
Pledges receivable	(15,000)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,255	7,225
Deferred revenue	25,000	100,000
Accrued payroll and related liabilities	-	(21,530)
Other current liabilities	4,729	(1,455)
Net cash provided by operating activities	<u>200,680</u>	<u>201,082</u>
Cash flows from investing activities:		
Advances on notes receivable	<u>(50,000)</u>	<u>-</u>
Net cash used by investing activities	<u>(50,000)</u>	<u>-</u>
Cash flows from financing activities:		
Borrowings from PPP loan	<u>67,120</u>	<u>50,635</u>
Net cash provided by financing activities	<u>67,120</u>	<u>50,635</u>
Net increase in cash	217,800	251,717
Cash and cash equivalents at beginning of year	<u>449,303</u>	<u>197,586</u>
Cash and cash equivalents at end of year	<u>\$ 667,103</u>	<u>\$ 449,303</u>

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

1) Nature of activities

Founded in 2000, The Idea Village, Inc. (the “The Idea Village” or “the Organization”) is an independent 501(c)3 nonprofit organization with a mission to identify, support, and retain entrepreneurial talent in New Orleans. The Idea Village helped catalyze an entrepreneurial ecosystem in New Orleans and the surrounding region and is committed to helping start-up companies start and scale. Our accelerator helps local entrepreneurs ignite their startup through mentorship, peer-to-peer learning, educational programming, and access to subsidized pro bono professional services. New Orleans Entrepreneur Week is a free conference to ignite innovation and entrepreneurship in the region.

2) Summary of significant accounting policies

The significant accounting policies followed by The Idea Village are summarized as follows:

(a) Financial statement presentation

The Idea Village’s policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

(b) Contributions

Contributions received are recorded with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

(c) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

(d) Taxes

The Idea Village is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Village has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Idea Village files Form 990 and Form 990 T tax returns in the U.S. federal jurisdiction and in various states.

The Idea Village adopted the provisions of Accounting Standards Codification (ASC) 740, *Accounting for Uncertainty in Income Taxes*. Management of The Idea Village believes it has no material uncertain tax positions and, accordingly it has not recognized any liability for unrecognized tax benefits. With few exceptions, The Idea Village is no longer subject to U.S. federal, state and local, or income tax examinations by tax authorities for a period of three years from the filing of those returns.

(e) Fundraising

All expenses associate with the fundraising event are expensed as incurred.

(f) Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

2) Summary of significant accounting policies (continued)

(f) Use of estimates (continued)

the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Concentration of credit risk

Financial instruments that potentially subject The Idea Village to concentrations of credit risk consist principally of cash deposits. The Idea Village may at times have cash on deposit at financial institutions that is in excess of federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Idea Village has not experienced any losses in such accounts. The Idea Village has no policy requiring collateral or other security to support its deposits.

(h) Promises to give

Unconditional promises to give are recognized when the donor makes a promise to give. Conditional promises to give are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

(i) Donated services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by The Idea Village.

The Idea Village received volunteer help to provide consulting services to entrepreneurs and other donated services to assist with meeting and event expenses. The estimated value of the contributed services for the years ended June 30, 2021 and 2020 was \$68,306 and \$7,879, respectively.

(j) Donated property and equipment

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

(k) Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of The Idea Village.

(l) Donated assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair market values at the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions over the useful life of the donated asset. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions over such useful life.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

2) Summary of significant accounting policies (continued)

(m) Pledges receivable

Pledges receivable consists of unconditional promises to give that are expected to be collected in future years and are recorded at the present value of their estimated future cash flows. As of June 30, 2021 and 2020 promises to give consisted of \$15,000 and \$-0-, respectively.

(n) Revenue recognition

Contributions received are recorded at fair value as revenue when an unconditional promise to give has been received. Contributions are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence or absence of any donor restrictions. The Organization has elected to present revenue with donor restrictions if all of the requirements imposed by the donor restrictions are met in the year of receipt as contributions without donor restrictions. 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 met. All amounts received prior to the commencement of the associated program are deferred to the applicable period.

(o) Net assets

Financial Accounting Standards Board (FASB) Accounting Standards Codification 958, Financial Statements for Not-for-Profit Entities, requires the net assets and changes in net assets be reported for two classifications – with donor restrictions and without donor restrictions based on the existence or absence of donor-imposed restrictions.

Net assets without donor restrictions are available for use in general operations and may be used by the Organization at its discretion.

Net assets with donor restrictions includes assets that may be temporarily restricted, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions.

(p) Reclassification

Certain reclassifications have been made to the 2020 financial statement presentations to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

3) Operating lease

The Idea Village entered into a lease agreement effective August 1, 2017 for office space. The lease expires in July 2022, unless terminated early in accordance with the lease agreement. Future minimum rental payments under the lease are as follows:

<u>Year Ending</u>	<u>Amount</u>
2022	\$ 112,278
2023	9,379

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

4) Agency transactions

The Idea Village receives donated or subsidized consulting and legal services from various businesses throughout the year. These services are then passed on to the entrepreneurs. The total amount received during 2021 and 2020 was approximately \$138,700 and \$289,000, respectively.

5) Line of credit

As of June 30, 2021, pursuant to an agreement with a bank, The Idea Village had available a \$200,000 line of credit, none of which was outstanding at that date.

6) Long-term debt

Long-term debt consisted of the following:

	2021	2020
Note payable from the Payroll Protection Program with interest rate equal to 1%, with monthly installments of approximately \$1,150 and maturing in March 2026.	\$ 67,120	\$ -
Note payable from the Payroll Protection Program with interest rate equal to 1%, with monthly installments of approximately \$2,700 and maturing in August 2022.	-	50,635
Less current portion	(9,879)	(13,311)
Long-term debt, less current portion	\$ 57,241	\$ 37,324

7) Notes receivable

On April 19, 2019 and May 11, 2021, The Idea Village entered into a Simple Agreement for Future Equity (“SAFE”) for \$50,000 with a company. If there is an equity financing before the termination of the SAFE, on the initial closing of such equity financing, the SAFE will automatically convert into the greater of: (1) the number of shares of Standard Preferred Stock equal to the Purchase Amount divided by the lowest price per share of the Standard Preferred Stock; or (2) the number of shares of Safe Preferred Stock equal to the Purchase Amount divided by the Safe Price. As of June 30, 2021, neither of the SAFE agreements have been converted into equity securities.

Total notes receivable as of June 30, 2021 and 2020 was \$100,000 and \$50,000, respectively.

8) Investments

At June 30, 2021 and 2020, long-term investments consist of \$200,000 of equity securities in two companies.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

9) Fair value measurement

FASB ASC Codification 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) 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.

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 measurement.

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

Investments, notes receivable, and pledges receivable are measured at fair value on a recurring basis. For assets that are measured at fair value in periods after initial recognition, there were no transfers between Level 1 and Level 2. There were no transfers into or out of Level 3 in 2021 and 2020. Transfers are recognized as of the actual date of the event. Nonrecurring fair value adjustments, if any, would typically involve donated property and equipment or impairment accounting. There were no nonrecurring fair value adjustments in 2021 and 2020.

Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

9) Fair value measurement (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2021:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Pledges receivable, net	\$ 15,000	\$ -	\$ -	\$ 15,000
Notes receivable, net	100,000	-	-	100,000
Investments	200,000	-	-	200,000
	<u>\$ 315,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315,000</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Pledges receivable, net	\$ -	\$ -	\$ -	\$ -
Notes receivable, net	50,000	-	-	50,000
Investments	200,000	-	-	200,000
	<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 250,000</u>

	Pledges receivable, net	
	2021	2020
Beginning balance	\$ -	\$ -
Pledges	565,000	-
Cash receipts	(550,000)	-
Ending balance	<u>\$ 15,000</u>	<u>\$ -</u>

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

10) 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 statement of financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021. The Idea Village is currently assessing the impact of these pronouncements 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 is effective for annual periods beginning after June 15, 2021. The Idea Village is currently assessing the impact of this pronouncement on its financial statements.

11) Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 667,103
Pledges receivable	<u>15,000</u>
	<u>\$ 682,103</u>

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 as a result of 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 and the remedial actions and stimulus measures adopted by local and federal governments, and to what extent normal economic and operating conditions can resume. 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.

THE IDEA VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

13) Paycheck Protection Program

During the year ended June 30, 2021 and 2020 the Organization was able to participate in the Paycheck Protection Program (“PPP”). This program was designed to assist organizations with cash flow requirements necessary to maintain a healthy workforce during the COVID-19 pandemic. Under this program the Organization was able to borrow monies, up to certain amounts, to be used for payroll related costs. Loans under the PPP could be forgiven by the Federal Government if the Organization meets the forgiveness criteria outlined within the CARES Act. As disclosed in Note 6, the Organization borrowed \$67,120 and \$50,635 under the terms and conditions of the PPP during the years ended June 30, 2021 and 2020, respectively. During the year ended June 30, 2021, the organization received forgiveness of the PPP loan received in 2020 and recognized \$50,635 of revenue and has included it in other revenues on the statement of activities.

14) Subsequent events

The Idea Village has evaluated subsequent events through the date of the auditors’ report, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

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

Board of Directors
The Idea Village, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Idea Village, Inc., which comprise the statement of financial position as of June 30, 2021, 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 December 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Idea Village, Inc.'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 The Idea Village, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Idea Village, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Idea Village, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity'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 entity'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.

December 15, 2021

Wegmann Bazet APC

THE IDEA VILLAGE, INC.
SUMMARY OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD

For the Years Ended June 30, 2021 and 2020

SUMMARY OF COMPENSATION

Jon Atkinson
CEO

- None of the agency head's compensation was derived from state and/or local assistance.