

TrainingGrounds, Inc.
Financial Statements
December 31, 2023



TrainingGrounds

Providing Knowledge To Move Families & Communities Forward



Training Grounds

Year Ended December 31, 2023

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(1958-2019)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
TrainingGrounds, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of TrainingGrounds, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TrainingGrounds, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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 TrainingGrounds, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 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 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 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 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 TrainingGrounds, 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 TrainingGrounds, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer, as required by the State of Louisiana is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. Such 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 accompanying schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Board of Trustees
TrainingGrounds, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2024, on our consideration of the TrainingGrounds, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of TrainingGrounds, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TrainingGrounds, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited TrainingGrounds, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Metairie, Louisiana
May 30, 2024

TrainingGrounds, Inc.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2023

(With Summarized Financial Information at December 31, 2022)

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 2,702,247	\$ 1,029,295
Accounts receivable, net	6,447	1,358
Grants receivable, net	66,255	33,028
Accrued program service revenue, net	79,072	0
Prepaid expenses	12,296	7,507
Promises to give, net	160,000	262,500
Investments	504,441	0
Furniture and equipment, net	<u>3,745</u>	<u>5,171</u>
Total Assets	<u>\$ 3,534,503</u>	<u>\$ 1,338,859</u>
<u>LIABILITIES</u>		
Accounts payable	2,554	1,510
Accrued expenses	19,169	16,606
Deferred revenue	<u>173,940</u>	<u>1,727</u>
Total Liabilities	<u>195,663</u>	<u>19,843</u>
<u>NET ASSETS</u>		
Without donor restrictions:		
Undesignated	731,542	925,033
Board-designated	<u>2,179,213</u>	<u>0</u>
Total without donor restrictions	2,910,755	925,033
With donor restrictions	<u>428,085</u>	<u>393,983</u>
Total Net Assets	<u>3,338,840</u>	<u>1,319,016</u>
Total Liabilities and Net Assets	<u>\$ 3,534,503</u>	<u>\$ 1,338,859</u>

See accompanying notes to financial statements.

TrainingGrounds, Inc.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

(With Summarized Financial Information for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<u>SUPPORT AND REVENUES</u>				
Contributions of cash and other financial assets	\$ 40,003	\$ 0	\$ 40,003	\$ 37,058
Contributions of nonfinancial assets	4,800	0	4,800	0
Pass-through government grant income	500,224	0	500,224	210,469
Private grant income	1,669,100	306,000	1,975,100	527,500
United Way grant income	0	50,000	50,000	50,000
Contractor revenue	277,081	0	277,081	82,138
Workshop revenue	11,871	0	11,871	11,814
Miscellaneous income	42,928	0	42,928	0
Investment return, net	12,166	0	12,166	2,260
Net assets released from restrictions	321,898	(321,898)	0	0
	2,880,071	34,102	2,914,173	921,239
<u>EXPENSES</u>				
<i>Program Services:</i>				
Education and training	808,511	0	808,511	587,969
<i>Supporting Services:</i>				
Management and general	61,570	0	61,570	58,326
Fundraising and development	24,268	0	24,268	22,010
	894,349	0	894,349	668,305
Change in Net Assets	1,985,722	34,102	2,019,824	252,934
Net Assets - Beginning of Year	925,033	393,983	1,319,016	1,066,082
Net Assets - End of Year	\$ 2,910,755	\$ 428,085	\$ 3,338,840	\$ 1,319,016

TrainingGrounds, Inc.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

(With Summarized Financial Information for the Year Ended December 31, 2022)

	<u>Program Services</u>	<u>Supporting Services</u>		2023 Total	2022 Total
	Education and Training	Management and General	Fundraising and Development		
Accounting fees	\$ 22,750	\$ 25,034	\$ 0	\$ 47,784	\$ 24,800
Advertising and promotion	14,567	0	347	14,914	16,484
Bad debts	11,343	0	0	11,343	4,000
Bank fees	7	586	19	612	657
Depreciation	1,426	0	0	1,426	1,426
Employee benefits	208	1,043	0	1,251	0
Food	1,595	0	0	1,595	4,990
Insurance	3,622	5,408	0	9,030	5,800
Miscellaneous	1,653	1,093	0	2,746	1,433
Occupancy	36,600	0	0	36,600	31,800
Payroll services	0	1,554	0	1,554	1,289
Payroll taxes	32,727	1,374	0	34,101	22,354
Postage	292	360	63	715	145
Printing	2,905	96	36	3,037	6,354
Professional fees	177,695	1,138	19,125	197,958	156,955
Salaries and wages	427,965	17,958	0	445,923	298,613
Specific assistance	4,000	0	0	4,000	29,311
Staff development	3,012	0	0	3,012	15,682
Supplies	49,710	651	63	50,424	35,261
Technology	13,500	2,245	4,615	20,360	9,142
Telephone	601	10	0	611	341
Uniforms	2,333	101	0	2,434	238
Workers' compensation	0	2,919	0	2,919	1,230
Total Expenses	\$ 808,511	\$ 61,570	\$ 24,268	\$ 894,349	\$ 668,305

TrainingGrounds, Inc.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Summarized Financial Information for the Year Ended December 31, 2022)

	2023	2022
<u>CASH FLOWS OPERATING ACTIVITIES</u>		
Change in net assets	\$ 2,019,824	\$ 252,934
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,426	1,426
(Increase) Decrease in Accounts receivable	(5,089)	3,642
(Increase) in Grants receivable	(33,227)	(20,954)
(Increase) in Accrued program service revenue	(79,072)	0
(Increase) Decrease in Prepaid expenses	(4,789)	4,093
Decrease in Promise to give	102,500	25,500
Increase in Accounts payable	1,044	760
Increase in Accrued expenses	2,563	10,951
Increase (Decrease) in Deferred revenue	172,213	(10,030)
	<u>2,177,393</u>	<u>268,322</u>
<u>CASH FLOWS INVESTING ACTIVITIES</u>		
Purchases of Investments	(504,441)	0
	<u>(504,441)</u>	<u>0</u>
Net Cash (Used in) Investing Activities	(504,441)	0
	<u>1,672,952</u>	<u>268,322</u>
Net Increase in Cash, Cash Equivalents, and Restricted Cash	1,672,952	268,322
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,029,295	760,973
	<u>\$ 2,702,247</u>	<u>\$ 1,029,295</u>
	<u>\$ 2,702,247</u>	<u>\$ 1,029,295</u>
<u>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</u>		
Cash paid during the year for:		
Interest	\$ 0	\$ 0
	<u>\$ 0</u>	<u>\$ 0</u>
Income Taxes	\$ 0	\$ 0
	<u>\$ 0</u>	<u>\$ 0</u>

See accompanying notes to financial statements.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

A. Nature of Activities

TrainingGrounds, Inc. (the "Organization"), a Louisiana non-profit corporation, was established in the metropolitan New Orleans area to create supportive learning environments that enable caregivers and educators to provide children with quality experiences that promote healthy brain development, appropriate adult-child interactions, and positive social-emotional skills.

The Organization operates the We PLAY Center, provides workshops for parents, and administers professional development training for early childhood educators.

B. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of generally accepted accounting principles (GAAP). Under GAAP, the Organization is required to report information regarding financial position and activities according to the following net asset classifications:

Net Assets without donor restrictions: These amounts are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. This class of net assets also includes assets previously restricted where restrictions have expired or been met.

Net Assets with donor restrictions: These amounts are subject to stipulations imposed by donors and grantors. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Donor restrictions may also be perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

In addition, the Board of Directors has designated certain net assets as operating reserves to ensure the long-term financial stability of the Organization's mission, programs, employment, and ongoing operations. The Board of Directors has also designated certain net assets for opportunity reserves and for specific expenditures.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2023

B. Summary of Significant Accounting Policies (Continued)

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022 from which the summarized information was derived.

Estimates

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

Income Tax Status

The Organization is a non-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Management has evaluated its tax positions and concluded that the Organization has taken no uncertain tax positions that required recognition or disclosure in the financial statements. Tax years ended December 31, 2020 and later remain subject to examination by the taxing authorities.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable and Contract Assets

Accounts receivable and other contract assets represent consideration from contractor or workshop revenues, of which the Organization has an unconditional right to receive payment. Management has assessed accounts receivable and other contract assets for impairment using the current expected credit loss model, taking into consideration historical information, current losses, and reasonable supportable forecasts to project expected future losses.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2023

B. Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contractor and workshop revenues are recognized as revenues when the revenues are earned. Revenues are earned when the activities or services are provided, and the Organization does not believe it is required to provide additional activities or services. Fees received in advance are deferred to the applicable period in which the related services are performed.

Contributed Support

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions are reported as without donor restrictions unless the contributions have donor-imposed restrictions. Contributions restricted by the donor 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.

Conditional promises to give are recognized as contributed support when the conditions on which they depend are substantially met. When donor-imposed conditions and restrictions are met in the same reporting period, the contribution is reported as an increase in net assets without donor restrictions.

Grants Receivable

Grants receivable represents billings which are based primarily on cost reimbursement contracts with governmental agencies or pass-through recipients of governmental funds. Grants receivable is stated at the amount management expects to collect from outstanding balances. Management monitors outstanding receivable balances and charges off to bad debt expense any balances that are determined to be uncollectible. In 2023, bad debt expenses were \$11,343. As of December 31, 2023, management has determined, based on historical experiences, that all remaining grant receivable balances are fully collectible, as a result, there is no allowance for uncollectible grants receivable at year end.

Governmental Financial Assistance

Amounts received from federal or state agencies or as a pass-through cost-reimbursement grant originating with federal or state funding are recognized as government grant income when the Organization has a right to reimbursement under the related grant document, generally corresponding to the incurring of grant-related costs by the Organization that are in compliance with the specific contract or grant provisions.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2023

B. Summary of Significant Accounting Policies (Continued)

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Contributed Facilities

Donations of facilities are recorded as contributions at the fair value at the date of donation, based on the fair value of similar rental spaces. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the use of the donated facility to a specific purpose. In 2023, the Organization received \$4,800 of donated space for a second location of the We PLAY Center to operate. This amount is included in occupancy expenses in the Statement of Functional Expenses.

Investments

At December 31, 2023, investments consisted of short-term certificates of deposit. Investments are reported at their fair values in the Statement of Financial Position based on quoted market prices in active markets for identical assets and liabilities (Level 1).

Fair Value Measurements

Generally accepted accounting principles require the use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the assets and liabilities, either directly or indirectly (Level 2), and unobservable inputs from the assets or liabilities (Level 3). The Organization had no Level 2 or Level 3 assets or liabilities at December 31, 2023.

Investment Return, Net

Investment return consists of interest earnings on cash in banks and certificates of deposit. The amount is net of any investment expenses.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. These expenses were allocated based on estimates of time and effort.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2023

B. Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Organization has adopted a policy of capitalizing property and equipment greater than \$2,500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation is provided using the straight-line basis over the estimated useful lives of the depreciable assets. The estimated useful life for furniture and equipment is 5 years.

Leases

The Organization has elected not to recognize right-of-use assets and lease liabilities for its operating leases for office space, computers, and other office equipment for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. Lease costs are reported on a straight-line basis over the lease term.

Advertising Costs

The Organization expenses advertising costs as incurred. Advertising expenses for the year ended December 31, 2023 were \$14,914.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications had no effect on previously reported change in net assets.

Subsequent Events

Subsequent events have been evaluated through May 30, 2024, which is the date the financial statements were available to be issued.

C. Accounts Receivable and Accrued Program Service Revenue

Accounts receivable consists of \$6,447 and \$1,358 from contractor revenue at December 31, 2023 and January 1, 2023, respectively. Accrued program service revenue consists of \$79,072 from contractor revenue at December 31, 2023. There was no accrued revenue at January 1, 2023. Management believes there is low risk (or no risk) of credit loss related to these financial instruments, as a result, the allowance for credit losses is \$0.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2023

C. Accounts Receivable and Accrued Program Service Revenue (Continued)

Allowance for credit losses- Beginning of Year	\$ 0
Provision for expected credit losses	0
Writeoffs	0
Recoveries collected	<u>0</u>
Allowance for credit losses- End of Year	<u>\$ 0</u>

D. Promises to Give

Promises to give at December 31, 2023 consists of \$160,000 from three grantors. Amounts are unconditional and due in less than one year. Management expects all balances to be fully collectible; as a result, there is no allowance for uncollectible promises receivable at year end.

E. Furniture and Equipment

A summary of property and equipment at December 31, 2023 is as follows:

Furniture and equipment	\$ 7,132
Less: Accumulated depreciation	<u>(3,387)</u>
Total Furniture and equipment, net	<u>\$ 3,745</u>

Depreciation expense for 2023 is \$1,426.

F. Deferred Revenue

Deferred revenue consists of \$173,940 and \$1,727 from contractor revenue as of December 31, 2023 and January 1, 2023, respectively.

G. Net Assets

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or time restricted. These restrictions are considered to expire when expenditures for restricted purposes are made, or when time has passed for time-restricted net assets.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2023

G. Net Assets (Continued)

At December 31, 2023, net assets with donor restrictions are available for the following purposes:

Subject to expenditure for specified purposes:	
Operation of the We Play Center	\$ 177,337
Education and training programs	79,061
Replication and expansion	140,687
Executive coaching	6,000
Subject to passage of time:	
Unconditional promise to give	<u>25,000</u>
Total	<u>\$ 428,085</u>

The following net assets with donor restrictions were released during 2023 due to the satisfaction of donor restrictions.

Operation of the We Play Center	\$ 142,646
Education and training programs	50,939
Replication and expansion	99,313
Executive coaching	25,000
Disaster victims	<u>4,000</u>
Total	<u>\$ 321,898</u>

At December 31, 2023, The following net assets were designated by the Board of Directors as follows:

Operating reserves	\$ 504,441
Opportunity reserves	1,424,772
Specific expenditures- Insurance	<u>250,000</u>
Total Board-designated net assets	<u>\$ 2,179,213</u>

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2023

H. Liquidity and Availability of Financial Assets

The following reflects the Organization’s financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date:

Financial assets		\$ 3,518,462
Less: Amounts unavailable for general expenditures within one year due to:		
Donor-imposed restrictions:		
Cash and cash equivalents	(268,085)	
Promises to give	<u>(160,000)</u>	(428,085)
Board-designations:		
Cash and cash equivalents	(1,674,772)	
Investments	<u>(504,441)</u>	<u>(2,179,213)</u>
 Financial assets available to meet general expenditures over the next twelve months		 <u>\$ 911,164</u>

As part of the Organization’s liquidity management, management established a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

I. Description of Leasing Arrangements

In August 2023, the Organization renewed a lease for space to operate its We PLAY Center and to hold education and training workshops for monthly payments of \$2,650. The lease expires on July 31, 2024. Lease costs for 2023 were \$31,800 and are included in occupancy expenses in the Statement of Functional Expenses.

The minimum future rental payments for this lease are as follows:

2024	<u>\$ 18,550</u>
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J. Concentration of Credit Risk

The Organization maintains deposits with three financial institutions. At times, its cash in the bank deposit accounts and its certificates of deposit may exceed federally insured limits. As of December 31, 2023, uninsured cash and cash equivalent balances, as well as investment balances were approximately \$1,033,448. Subsequent to year end, the Organization has identified opportunities to increase its federally insured balances and decrease its concentration of credit risk.

TrainingGrounds, Inc.
NOTES TO FINANCIAL STATEMENTS
(Continued)
DECEMBER 31, 2023

K. Current Vulnerability Due to Certain Concentrations

The Organization is supported primarily through individual donor contributions, private grant income, the United Way, and contracts with other nonprofit agencies and governmental entities. In 2023, 67% of pass-through government grant income and 94% of grants receivable relate to cost-reimbursement contract awards from one nonprofit agency and one governmental entity.

Other concentrations as of and for the year ended December 31, 2023 are as follows:

- 74% of private grant income was received from one private grantor and 63% of promises to give is due from one private grantor.
- 76% of contractor revenue was for services provided to two nonprofit agencies and 100% of accrued program service revenue was for services provided to one nonprofit agency.

L. Conditional Contributions

At December 31, 2023, the Organization had three outstanding awards from pass-through government contracts. The total amount of the awards remaining to be expended and reimbursed in 2024 is approximately \$476,000. In addition, the Organization had one conditional contribution from a private foundation totaling \$200,000, contingent upon an acceptable performance in year one and the acceptance of the project objectives and action steps, as well as, the project operating budget for subsequent years.

M. Adoption of New Accounting Pronouncement

During the year, the Organization adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326), along with the provisions of ASUs 2019-04, 2019-11, and 2020-03, which amend the accounting guidance on the impairment of financial instruments. These ASUs provide an impairment model known as the current expected credit loss (CECL), which is based upon expected losses rather than incurred losses. The ASUs were effective for the year ended December 31, 2023, and were retroactively applied. Due to the short-term nature of the Organization's receivables, these accounting pronouncements had no effect on the previously reported net assets or changes in net assets for the year ended December 31, 2022.

SUPPLEMENTAL INFORMATION

TrainingGrounds, Inc.

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER FOR THE YEAR ENDED DECEMBER 31, 2023

Agency Head Name: Melanie Richardson, Executive Director

Purpose:

Salary	\$	110,042
Employee Benefits:		
Dental Insurance		124
Vision Insurance		23
Life Insurance		61
	\$	<u>110,250</u>

PACTERA, GAUTREAU & PRIEST, LLC
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(1905-1985)
KEITH T. HAMILTON, C.P.A.
(1932-2003)
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(Retired)
RENE G. GAUTREAU, C.P.A.
(1958-2019)

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
TrainingGrounds, 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 TrainingGrounds, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 May 30, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered TrainingGrounds, Inc.'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of TrainingGrounds, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of TrainingGrounds, 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in blue ink that reads "Paciera, Gautreau & Priest, LLC". The signature is written in a cursive style.

Metairie, Louisiana
May 30, 2024