

KID smART and subsidiary

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020



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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 (non-profit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, 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, 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 (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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, the consolidating statements of activities and the consolidating statements of functional expenses on pages 19 – 24 and the Schedule of Compensation, Benefits, and Other Payments to Executive Director on page 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021 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
December 14, 2021

Wegmann Bazet, APC

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 817,659	\$ 662,158
Grants and contracts receivable	37,545	156,722
Prepaid expenses	267	673
Investments	643,272	360,834
Other current assets	<u>2,500</u>	<u>2,500</u>
Total assets	<u><u>\$ 1,501,243</u></u>	<u><u>\$ 1,182,887</u></u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 2,682	\$ 19,161
Accrued payroll liabilities	24,412	18,061
Current portion of long-term debt	<u>27,000</u>	<u>57,000</u>
Total current liabilities	54,094	94,222
Long-term debt, less current portion	<u>259,780</u>	<u>232,609</u>
Total liabilities	<u><u>313,874</u></u>	<u><u>326,831</u></u>
NET ASSETS		
Net assets		
Without donor restrictions:		
Undesignated	256,415	363,825
Board designated reserve fund	752,469	380,231
With donor restrictions	<u>178,485</u>	<u>112,000</u>
	1,187,369	856,056
Total net assets	<u><u>1,187,369</u></u>	<u><u>856,056</u></u>
Total liabilities and net assets	<u><u>\$ 1,501,243</u></u>	<u><u>\$ 1,182,887</u></u>

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

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

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Public support - government grants	\$ 103,775	\$ -	\$ 103,775
Other support:			
Private donors	93,936	-	93,936
Corporate donors	39,570	-	39,570
Foundations	750,145	112,000	862,145
Other grants	20,500	-	20,500
Contracts	399,230	-	399,230
Other income	7,480	-	7,480
Net assets released from restrictions	<u>25,000</u>	<u>(25,000)</u>	<u>-</u>
Total revenue and other support	<u>1,439,636</u>	<u>87,000</u>	<u>1,526,636</u>
Expenses			
Program services	971,966	-	971,966
Supporting services:			
Management and general	53,805	-	53,805
Fundraising	<u>116,580</u>	<u>-</u>	<u>116,580</u>
Total expenses	<u>1,142,351</u>	<u>-</u>	<u>1,142,351</u>
Other income (expense):			
Interest income	3,881	-	3,881
Investment loss, net	<u>(1,611)</u>	<u>-</u>	<u>(1,611)</u>
Total other income	<u>2,270</u>	<u>-</u>	<u>2,270</u>
Change in net assets	299,555	87,000	386,555
Net assets			
Beginning of year	<u>444,501</u>	<u>25,000</u>	<u>469,501</u>
End of year	<u>\$ 744,056</u>	<u>\$ 112,000</u>	<u>\$ 856,056</u>

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

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

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$426,654	\$ 31,604	\$ 68,475	526,733
Teaching artist wages	205,037	-	-	205,037
Payroll taxes and employee benefits	99,622	7,379	15,989	122,990
Total salaries and related expenses	<u>731,313</u>	<u>38,983</u>	<u>84,464</u>	<u>854,760</u>
Contractual labor	31,944	2,366	5,127	39,437
Professional services	21,643	1,603	3,473	26,719
Teacher stipends	40,543	-	-	40,543
Education	8,480	628	1,361	10,469
Public relations	5,097	378	818	6,293
Special projects and workshops	4,710	349	756	5,815
Supplies	22,893	1,696	3,674	28,263
School resources	1,814	134	291	2,239
Subscriptions	35,101	2,600	5,634	43,335
Telephone	12,241	907	1,965	15,113
Meetings	1,520	113	244	1,877
Postage	1,312	97	210	1,619
Printing and copying	13,196	977	2,118	16,291
Office expense	18,180	1,347	2,918	22,445
Bank charges	512	38	82	632
Payroll fees	2,099	155	337	2,591
Miscellaneous	4,160	308	668	5,136
Travel	10,252	759	1,645	12,656
Insurance	4,956	367	795	6,118
Total functional expenses	<u>\$ 971,966</u>	<u>\$ 53,805</u>	<u>\$ 116,580</u>	<u>\$1,142,351</u>

See accompanying Notes to Consolidated Financial Statements.

KID SMART AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 331,313	\$ 386,555
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss (gain)	(78,975)	3,454
PPP loan forgiveness	(139,709)	
(Increase) decrease in operating assets:		
Grants and contracts receivable	119,177	(134,454)
Prepaid expenses	406	(303)
Other assets	-	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(16,479)	17,465
Accrued payroll liabilities	6,351	10,039
Accrued compensated absences	-	-
Net cash provided by operating activities	<u>222,084</u>	<u>282,756</u>
Cash flows from investing activities:		
Investment activity, net	<u>(203,463)</u>	<u>(133,006)</u>
Net cash used by investing activities	<u>(203,463)</u>	<u>(133,006)</u>
Cash flows from financing activities:		
Borrowings under long-term debt	<u>136,880</u>	<u>289,609</u>
Net cash provided by financing activities	<u>136,880</u>	<u>289,609</u>
Net increase in cash, cash equivalents and restricted cash	155,501	439,359
Cash, cash equivalents and restricted cash at beginning of year	<u>662,158</u>	<u>222,799</u>
Cash, cash equivalents and restricted cash at end of year	<u>\$ 817,659</u>	<u>\$ 662,158</u>

See accompanying Notes to Consolidated Financial Statements.

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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.

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

2) Summary of significant accounting policies (continued)

g) Contributions

Contributions received are recorded as without donor restrictions and with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. 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.

h) 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.

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, KID smART and subsidiary is not subject to federal taxes unless the Company has unrelated trade or business income.

KID smART and subsidiary adopted the provisions of Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) 740, *Accounting for Uncertainty in Income Taxes*. Management of KID smART and subsidiary believe there is no material uncertain tax position and, accordingly it will not recognize any liability for unrecognized tax benefits. With few exceptions, the KID smART and subsidiary are 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) Functional expenses

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

l) Donated services

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

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

2) Summary of significant accounting policies (continued)

m) New accounting pronouncements

The Organization adopted ASU No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The Organization adopted this update in 2020 under the modified retrospective method. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore did not result in a prior period adjustment.

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

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This accounting standard improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations through enhancements to presentation and disclosure. The standard is effective for annual periods beginning after December 15, 2021. Management is currently assessing the impact of this pronouncement on its financial statements.

3) Restrictions on assets

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

	<u>2021</u>	<u>2020</u>
Ochsner	\$ -	\$ 12,000
Lambent	-	100,000
Oscar J. Tolmas Charitable Trust	15,000	-
GNOF Impact Grant	15,000	-
Kellogg	148,485	-
	<u>\$ 178,485</u>	<u>\$ 112,000</u>

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

	<u>2021</u>	<u>2020</u>
Ochsner	\$ 12,000	\$ -
Lambent	100,000	-
Oscar J. Tolmas Charitable Trust	-	25,000
	<u>\$ 112,000</u>	<u>\$ 25,000</u>

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

4) Liquidity and availability

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

	<u>2021</u>
Cash and cash equivalents	\$ 817,659
Grants and contracts receivables	37,545
Investments	643,272
Less: funds unavailable for general expenditures within one year, due to donor restriction for future purpose or period	(178,485)
	<u>\$ 1,319,991</u>

5) Concentrations of credit risk

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

Revenue from two donors represents 21% and 24% of total revenues to KID smART for the years ended June 30, 2021 and 2020 respectively.

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: <ul style="list-style-type: none"> • 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. |

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

6) Investments (continued)

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

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

The asset's or liability's fair value measurements level within the fair value hierarchy is based on the lowest level of any inputs that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

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 market prices in an active market. The underlying investments consist primarily of equity securities, debt obligations, short-term investments and other marketable securities. In accordance with ASC 820-10, these investments are not classified in the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies are assumptions 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, 2021 and 2020 are composed of the following:

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

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

6) Investments (continued)

<u>Assets at Fair Value as of June 30, 2020</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity Funds	\$ 48,749	\$ -	\$ -	\$ 47,749
Fixed Income Funds	7,793	25,050	-	32,844
Money Market Funds	16,280	-	-	16,580
Total assets at fair value	<u>\$ 72,822</u>	<u>\$ 25,050</u>	<u>\$ -</u>	<u>97,872</u>
Investments recorded at NAV as practical expedient				<u>172,498</u>
				<u>\$ 270,370</u>

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

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

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 6,434	\$ 3,881
Realized gain in value of investments	11,119	3,794
Management fees	(3,255)	(1,951)
Unrealized gain (loss) on investments	78,975	(3,454)
	<u>\$ 93,273</u>	<u>\$ 2,270</u>

7) Long-term debt

Long-term debt consists of the following:

	<u>2021</u>	<u>2020</u>
Economic Injury Disaster Loan from the Small Business Association (SBA). Monthly payments begin one year after the note and total approximately \$640 with an interest rate of 2.75%. The note matures May 13, 2050.	\$ 149,900	\$ 149,900
A note payable to a bank under the SBA's Paycheck Protection Program Round 2. Monthly payments of \$3,170 begin after the first ten months with an interest rate of 1.00%. The note matures January 30, 2026. The loan may be forgiven if certain criteria are met.	136,880	-
A note payable to a bank under the SBA's Paycheck Protection Program Round 1. Monthly payments of \$7,800 begin after the first seven months with an interest rate of 1.00%. The note matures March 15, 2022. The loan was forgiven during fiscal year ending 2021.	-	139,709
Total long-term debt	286,780	289,609
Less: current portion	30,000	57,000
Long-term debt, less current portion	<u>\$ 256,780</u>	<u>\$ 232,609</u>

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

7) Long-term debt (continued)

Future maturities of long-term debt are as follows:

<u>For the Year Ending</u>	<u>Amount</u>
2022	\$ 30,000
2023	40,700
2024	41,200
2025	39,400
2026	3,900
Thereafter	131,400

8) Board designated endowments

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

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

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

Changes in net assets without donor restrictions that are board-designated as an endowment for the years ended June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Board-designated endowment, beginning of year	\$ 380,231	\$ 231,282
Contributions	288,969	146,740
Dividends and interest	6,430	3,820
Realized gain	11,119	3,794
Unrealized gain (loss)	78,975	(3,454)
Management fees	(3,255)	(1,951)
Board-designated endowment, end of year	<u>\$ 752,469</u>	<u>\$ 380,231</u>

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

9) Operating lease

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

Rental expense for the years ended June 30, 2021 and 2020 totaled \$20,165 and \$22,445, respectively, which is included in office expense on the statements of functional expenses

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

<u>Year Ending</u>	<u>Amount</u>
2022	\$ 25,200
2023	25,200

10) Donated materials, facilities and services

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

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

	<u>2021</u>	<u>2020</u>
Materials	\$ 1,580	\$ 5,370
Facilities	-	4,800
Services	-	8,900
	<u>\$ 1,580</u>	<u>\$ 19,070</u>

11) Related party transactions

NOAEA pays a monthly management fee to KID smART in the amount of \$1,250 per month. This fee represents compensation for the administrative, policy, fund development, and financial support services of the organization. Management fees for the years ended June 30, 2021 and 2020 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, 2021 and 2020 were \$6,165, and \$5,862 respectively. All intercompany transactions have been eliminated in the consolidated financial statements.

KIDSMART AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

12) Coronavirus (COVID-19)

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

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, 2021

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

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

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

June 30, 2021

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

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

June 30, 2020

	KID smART	NOAEA	Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
ASSETS					
Cash and cash equivalents	\$ 472,279	\$ 189,879	\$ 662,158	\$ -	\$ 662,158
Grants and contracts receivable	162,227	-	162,227	(5,505)	156,722
Prepaid expenses	26	647	673	-	673
Investments	360,834	-	360,834	-	360,834
Other current assets	2,000	500	2,500	-	2,500
Total current assets	<u>997,366</u>	<u>191,026</u>	<u>1,188,392</u>	<u>(5,505)</u>	<u>1,182,887</u>
Due from related party	<u>149,900</u>	<u>-</u>	<u>149,900</u>	<u>(149,900)</u>	<u>-</u>
Total assets	<u>\$ 1,147,266</u>	<u>\$ 191,026</u>	<u>\$ 1,338,292</u>	<u>\$ (155,405)</u>	<u>\$ 1,182,887</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 19,161	\$ 5,505	\$ 24,666	\$ (5,505)	\$ 19,161
Accrued compensated absences	16,645	1,416	18,061	-	18,061
Current portion of long-term debt	57,000	-	57,000	-	57,000
Total current liabilities	<u>92,806</u>	<u>6,921</u>	<u>99,727</u>	<u>(5,505)</u>	<u>94,222</u>
Long-term debt, less current portion	232,609		232,609		232,609
Due to related party	<u>-</u>	<u>149,900</u>	<u>149,900</u>	<u>(149,900)</u>	<u>-</u>
Total liabilities	<u>325,415</u>	<u>156,821</u>	<u>482,236</u>	<u>(155,405)</u>	<u>326,831</u>
NET ASSETS					
Without donor restrictions:					
Undesignated	329,621	34,205	363,826	-	363,826
Board designated reserve fund	380,230	-	380,230	-	380,230
With donor restrictions	<u>112,000</u>	<u>-</u>	<u>112,000</u>	<u>-</u>	<u>112,000</u>
Total net assets	<u>821,851</u>	<u>34,205</u>	<u>856,056</u>	<u>-</u>	<u>856,056</u>
Total liabilities and net assets	<u>\$ 1,147,266</u>	<u>\$ 191,026</u>	<u>\$ 1,338,292</u>	<u>\$ (155,405)</u>	<u>\$ 1,182,887</u>

KID SMART AND SUBSIDIARY
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2021

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

KID SMART AND SUBSIDIARY
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF ACTIVITIES

For the Year Ended June 30, 2020

	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	\$ 103,775	\$ -	\$ -	\$ 103,775	\$ -	\$ 103,775
Other support:						
Private donors	93,436	500	-	93,936	-	93,936
Corporate donors	39,570	-	-	39,570	-	39,570
Foundations	631,375	118,770	112,000	862,145	-	862,145
Other grants	20,500	-	-	20,500	-	20,500
Contracts	414,230	-	-	414,230	(15,000)	399,230
Other income	5,005	2,475	-	7,480	-	7,480
Net assets released from restrictions	25,000	-	(25,000)	-	-	-
Total revenue and other support	<u>1,332,891</u>	<u>121,745</u>	<u>87,000</u>	<u>1,541,636</u>	<u>(15,000)</u>	<u>1,526,636</u>
Expenses						
Program services	879,606	104,511	-	984,117	(12,151)	971,966
Supporting services:						
Management and general	46,963	7,742	-	54,705	(900)	53,805
Fundraising	101,758	16,771	-	118,529	(1,949)	116,580
Total expenses	<u>1,028,327</u>	<u>129,024</u>	<u>-</u>	<u>1,157,351</u>	<u>(15,000)</u>	<u>1,142,351</u>
Other income (expenses):						
Interest income	3,820	61	-	3,881	-	3,881
Investment loss, net	(1,611)	-	-	(1,611)	-	(1,611)
Total other income	<u>2,209</u>	<u>61</u>	<u>-</u>	<u>2,270</u>	<u>-</u>	<u>2,270</u>
Change in net assets	306,773	(7,218)	87,000	386,555	-	386,555
Net assets						
Beginning of year	438,828	5,673	25,000	469,501	-	469,501
End of year	<u>\$ 745,601</u>	<u>\$ (1,545)</u>	<u>\$ 112,000</u>	<u>\$ 856,056</u>	<u>\$ -</u>	<u>\$ 856,056</u>

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

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

KID SMART AND SUBSIDIARY
SUPPLEMENTARY INFORMATION - CONSOLIDATING STATEMENTS OF FUNTIONAL EXPENSES
For the Year Ended June 30, 2020

	KID smART			Program Services	NOAEA		Totals Before Consolidating Entries	Consolidating Entries	Consolidated Totals
	Supporting Services		Management and General		Supporting Services				
	Program Services	Management and General	Fundraising	Program Services	Management and General	Fundraising			
Salaries	\$ 378,761	\$ 28,056	\$ 60,789	\$ 47,892	\$ 3,548	\$ 7,687	\$ 526,733	\$ -	\$ 526,733
Teaching artist wages	205,037	-	-	-	-	-	205,037	-	205,037
Payroll taxes and employee benefits	91,209	6,756	14,639	8,414	623	1,349	122,990	-	122,990
Total salaries and related expenses	<u>675,007</u>	<u>34,812</u>	<u>75,428</u>	<u>56,306</u>	<u>4,171</u>	<u>9,036</u>	<u>854,760</u>	<u>-</u>	<u>854,760</u>
Contractual labor	29,340	2,173	4,709	2,604	193	418	39,437	-	39,437
Professional services	21,467	1,590	3,444	177	13	28	26,719	-	26,719
Teacher stipends	40,543	-	-	-	-	-	40,543	-	40,543
Education	8,480	628	1,361	-	-	-	10,469	-	10,469
Public relations	5,089	377	817	8	1	1	6,293	-	6,293
Special projects and workshops	4,252	315	682	458	34	74	5,815	-	5,815
Supplies	22,878	1,695	3,672	15	1	2	28,263	-	28,263
School resources	1,814	134	291	-	-	-	2,239	-	2,239
Subscriptions	10,773	798	1,729	24,328	1,802	3,905	43,335	-	43,335
Telephone	11,364	842	1,824	877	65	141	15,113	-	15,113
Meetings	785	58	127	735	54	118	1,877	-	1,877
Postage	1,311	98	210	-	-	-	1,619	-	1,619
Printing and copying	13,172	976	2,114	23	2	4	16,291	-	16,291
Office expense	16,281	1,206	2,613	1,899	141	305	22,445	-	22,445
Bank charges	492	36	79	20	2	3	632	-	632
Payroll fees	1,445	106	233	654	48	105	2,591	-	2,591
Miscellaneous	3,647	270	585	12,665	938	2,031	20,136	(15,000)	5,136
Travel	9,274	687	1,488	978	72	157	12,656	-	12,656
Insurance	2,193	162	352	2,763	205	443	6,118	-	6,118
Total functional expenses	<u>\$ 879,607</u>	<u>\$ 46,963</u>	<u>\$ 101,758</u>	<u>\$ 104,510</u>	<u>\$ 7,742</u>	<u>\$ 16,771</u>	<u>\$ 1,157,351</u>	<u>\$ (15,000)</u>	<u>\$ 1,142,351</u>

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

To the Board of Directors
KID smART and subsidiary

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of KID smART and subsidiary (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered KID smART and subsidiary's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KID smART and subsidiary's internal control. Accordingly, we do not express an opinion on the effectiveness of KID smART and subsidiary's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Metairie, Louisiana
December 14, 2021

Wegmann Bazet, APC

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

SECTION I SUMMARY OF INDEPENDENT AUDITORS' REPORTS

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

SECTION II FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE

KIDSMART AND SUBSIDIARY
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPOSNES
For the Year Ended June 30, 2020

SECTION I SUMMARY OF INDEPENDENT AUDITORS' REPORTS

1. The independent auditors' report expresses an unmodified opinion on the consolidated financial statements of KID smART and subsidiary.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of KID smART and subsidiary and Subsidiary were reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
4. No management letter was issued for the year ended June 30, 2020.

SECTION II FINANCIAL STATEMENT FINDINGS

NOT APPLICABLE