

YOUNG AUDIENCES CHARTER SCHOOL
COMPILED FINANCIAL STATEMENTS
Year Ended June 30, 2013

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Board of Directors
Young Audiences Charter School
1407 Virgil Street
Gretna, LA 70053

We have compiled the accompanying Statement of Financial Position of Young Audiences Charter School (a nonprofit organization) as of June 30, 2013, and the related Statements of Activities and Cash Flows for the year then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Carr, Riggs & Ingram, LLC

December 31, 2013

**COMPILED
FINANCIAL STATEMENTS**

YOUNG AUDIENCES CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
June 30, 2013

ASSETS

Cash and cash equivalents	\$	17,917
Federal grants receivable		75,000
Contributions receivable		30,000
Prepaid expenses		<u>6,225</u>
 Total Assets	 \$	 <u><u>129,142</u></u>

LIABILITIES AND NET DEFICIT

Current Liabilities:		
Accounts payable	\$	15,644
Payable to YALA		<u>102,869</u>
 Total Current Liabilities		 <u>118,513</u>
Long-Term Liabilities		
Note payable - YALA		<u>50,000</u>
 Total Long-Term Liabilities		 <u>50,000</u>
 Total Liabilities		 <u>168,513</u>
 Net Deficit		 <u>(39,371)</u>
 Total Liabilities and Net Deficit	 \$	 <u><u>129,142</u></u>

See accompanying notes and independent accountant's compilation report.

YOUNG AUDIENCES CHARTER SCHOOL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2013

Revenues and Support:

Contributions and donations	\$ 30,500
Federal Grant	<u>75,000</u>

Total Revenue	<u>105,500</u>
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Expenses:

Program Services:

Purchased professional and technical services - educational	91,480
Purchased professional and technical services - other	<u>11,069</u>

Total Program Services	<u>102,549</u>
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Support Services:

Other purchased services	18,795
Other professional services	8,705
Materials and supplies	5,325
Purchased property services	4,260
Legal services	2,701
Technical services	2,000
Equipment	515
Dues and fees	<u>21</u>

Total Support Services	42,322
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Total Expenses	<u>144,871</u>
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Change in Net Assets	(39,371)
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NET ASSETS, Beginning of Year	<u>-</u>
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NET DEFICIT, End of Year	<u><u>\$ (39,371)</u></u>
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See accompanying notes and independent accountant's compilation report.

YOUNG AUDIENCES CHARTER SCHOOL
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2013

Cash Flows From Operating Activities:	
Change in net assets	\$ (39,371)
Increase in operating assets:	
Prepaid expenses	(6,225)
Federal grants receivable	(75,000)
Grants receivable - other	(30,000)
Increase in operating liabilities:	
Accounts payable	15,644
Payable to YALA	102,869
Net Cash Provided by Operating Activities	<u>(32,083)</u>
Cash Flows From Financing Activities:	
Note payable - YALA	<u>50,000</u>
Net Cash Used in Financing Activities	<u>50,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,917
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>-</u>
CASH AND CASH EQUIVALENTS - End of Year	<u><u>\$ 17,917</u></u>

See accompanying notes and independent accountant's compilation report.

YOUNG AUDIENCES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Young Audiences Charter School ("Young Audiences Charter"), a nonprofit organization, was incorporated in 2013 for the purpose of operating a charter school located in Gretna, Louisiana. Young Audiences Charter was created to provide a rigorous learning environment where students achieve academically, develop intellectual curiosity, and practice environmental responsibility while integrating arts education and quality after-school programs.

As of June 30, 2013, Young Audiences Charter had not yet begun school-related activities. Young Audiences Charter's initial school year began in August, 2013.

Basis of Accounting

The financial statements of Young Audiences Charter have been prepared on the accrual basis, in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the reporting requirements of the *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for profit organizations that include three basic financial statement classifications of resources into three separate classes of net assets, as follows:

- Unrestricted – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by Young Audiences Charter is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled and removed by actions of Young Audiences Charter pursuant to such situations.
- Permanently Restricted - Net assets whose use by Young Audiences Charter is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by the actions of Young Audiences Charter.

The classification of net assets into three separate groupings described above is based on criteria established by the Financial Accounting Standards Board, which are not necessarily consistent with regulations of the Internal Revenue Service concerning restrictions on donations.

YOUNG AUDIENCES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenue Recognition

Young Audiences Charter receives its support primarily from the Louisiana State Department of Education and private contributions.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Income Taxes

The Young Audiences Charter is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America require the management to evaluate tax positions taken by Young Audiences Charter and recognize a tax liability if Young Audiences Charter has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Young Audiences Charter's management has analyzed the tax positions taken by Young Audiences Charter, and has concluded that as of June 30, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Young Audiences Charter is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes that it continues to operate in a manner that preserves its tax exempt status.

Use of Estimates

The preparation of financial statements in conformity with 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 financial statements and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

YOUNG AUDIENCES CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through December 20, 2013 the date the financial statements were available to be issued.

NOTE 2 - FUNCTIONAL ALLOCATIONS OF 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.

NOTE 3 - RELATED PARTY TRANSACTIONS

Young Audiences Charter has an unsecured note payable to an affiliated organization, Young Audiences of Louisiana (“YALA”). Currently, the Bylaws of Young Audiences Charter reflect that a majority of their Board is appointed by the Board of YALA. Young Audiences Charter may borrow from YALA an amount not to exceed \$259,000 at a 0% interest rate. Young Audiences Charter will pay any unpaid borrowings in equal monthly installments, beginning July 1, 2015 and ending July 1, 2020, at which time any unpaid balance of the note shall be due in full. The balance of this note payable to YALA at June 30, 2013 recorded on the accompanying Statement of Financial Position is \$50,000.

YALA has paid certain start-up costs, primarily payroll and related benefits, of Young Audiences Charter in the amount of \$102,869 for the fiscal year ended June 30, 2013, including the salary and benefits of the Executive Director of Young Audiences Charter. The total amount recorded as a current payable to YALA on the accompanying Statement of Financial Position is \$102,869.

In addition, certain in-kind services related to the start-up costs of Young Audiences Charter were provided by YALA during fiscal year 2013. No amounts have been reflected in the accompanying financial statements for these in-kind services since they do not meet the criteria for recognition under FASB Accounting Standards Codification (“ASC”) 958, *Not-for-Profit Entities*.

NOTE 4 – CONCENTRATION OF REVENUE SOURCE

The majority of Young Audiences Charter’s revenues for the year ended June 30, 2013 were derived from Federal No Child Left Behind grant totaling \$75,000 (71 percent).