

**THE IDEA VILLAGE, INC.**

FINANCIAL STATEMENTS

June 30, 2022 and 2021

THE IDEA VILLAGE, INC.  
NEW ORLEANS, LOUISIANA

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## INDEPENDENT AUDITORS' REPORT

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

### **Opinion**

We have audited the accompanying financial statements of The Idea Village, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Idea Village, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

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

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that

## **Auditors' Responsibilities for the Audit of the Financial Statements (continued)**

includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### **Other Matters**

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report December 8, 2022 on our consideration of The Idea Village, Inc.'s internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Idea Village, Inc.'s internal control over financial reporting and compliance.

Metairie, Louisiana  
December 8, 2022

Wegmann Bazet APC

THE IDEA VILLAGE, INC.  
STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 648,554	\$ 667,103
Contributions receivable	89,258	-
Pledges receivable	15,000	15,000
Total current assets	752,812	682,103
Notes receivable	100,000	100,000
Investments	200,000	200,000
Total assets	\$ 1,052,812	\$ 982,103
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 28,678	\$ 16,760
Other current liabilities	3,599	4,729
Deferred revenue	-	60,000
Refundable Advances	125,000	65,000
Current portion of long-term debt	-	9,879
Total current liabilities	157,277	156,368
Long-term debt, less current portion	-	57,241
Total liabilities	157,277	213,609
<b>NET ASSETS</b>		
Net assets		
Without donor restrictions	895,535	768,494
Total net assets	895,535	768,494
Total liabilities and net assets	\$ 1,052,812	\$ 982,103

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues			
Donations	\$ 120,195	\$ 1,268,081	\$ 1,388,276
Program fees	16,264	-	16,264
Other revenue	70,158	-	70,158
In-kind donations	115,497	-	115,497
Net assets released from restrictions	<u>1,268,081</u>	<u>(1,268,081)</u>	<u>-</u>
Total revenues	<u>1,590,195</u>	<u>-</u>	<u>1,590,195</u>
Expenses			
Program services			
Fundraising	136,549	-	136,549
Supporting services			
Core activities	1,046,000	-	1,046,000
General and administrative	<u>280,605</u>	<u>-</u>	<u>280,605</u>
Total expenses	<u>1,463,154</u>	<u>-</u>	<u>1,463,154</u>
Change in net assets	127,041	-	127,041
Net assets			
Beginning of year	<u>768,494</u>	<u>-</u>	<u>768,494</u>
End of year	<u>\$ 895,535</u>	<u>\$ -</u>	<u>\$ 895,535</u>

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.  
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2021

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

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

	<u>Program Services</u>			<u>Total Expenses</u>
	<u>Fundraising</u>	<u>Core Activities</u>	<u>General and Administrative</u>	
Accounting	\$ -	\$ -	\$ 12,296	\$ 12,296
Contract labor fees	-	108,594	8,061	116,655
Events expense	-	254,912	-	254,912
Information technology	-	4,406	-	4,406
Insurance	10,919	28,619	1,969	41,507
In-kind expense	-	92,132	23,365	115,497
Marketing	-	31,668	-	31,668
Meeting	-	31,298	-	31,298
Office supplies	-	3,620	8,574	12,194
Other expense	2,549	15,834	18,331	36,714
Payroll taxes and employee benefits	7,249	28,286	5,794	41,329
Production	-	16,000	-	16,000
Professional fees	7,500	-	-	7,500
Professional development	5,205	5,503	44,050	54,758
Rent expense	-	-	120,619	120,619
Salary and wages	103,127	419,883	36,429	559,439
Travel	-	5,245	1,117	6,362
	<u>-</u>	<u>5,245</u>	<u>1,117</u>	<u>6,362</u>
Total expenses	<u>\$ 136,549</u>	<u>\$ 1,046,000</u>	<u>\$ 280,605</u>	<u>\$ 1,463,154</u>

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

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

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.  
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 127,041	\$ 221,216
Adjustments to reconcile change in net assets to net cash (Used) provided by operating activities:		
Forgiveness of PPP loan	(67,120)	(50,635)
(Increase) decrease in operating assets:		
Contributions receivable	(89,258)	14,115
Pledges receivable	-	(15,000)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	11,918	1,255
Deferred revenue	60,000	25,000
Refundable Advances	(60,000)	-
Other current liabilities	(1,130)	4,729
Net cash (used) provided by operating activities	<u>(18,549)</u>	<u>200,680</u>
Cash flows from investing activities:		
Advances on notes receivable	<u>-</u>	<u>(50,000)</u>
Net cash used by investing activities	<u>-</u>	<u>(50,000)</u>
Cash flows from financing activities:		
Borrowings from PPP loan	<u>-</u>	<u>67,120</u>
Net cash provided by financing activities	<u>-</u>	<u>67,120</u>
Net (decrease) increase in cash	(18,549)	217,800
Cash and cash equivalents at beginning of year	<u>667,103</u>	<u>449,303</u>
Cash and cash equivalents at end of year	<u>\$ 648,554</u>	<u>\$ 667,103</u>

See accompanying Notes to Financial Statements.

THE IDEA VILLAGE, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2022 and 2021

1) Nature of activities

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

2) Summary of significant accounting policies

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

(a) Financial statement presentation

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

(b) Contributions

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

(c) Cash and cash equivalents

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

(d) Taxes

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

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

(e) Fundraising

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

(f) Use of estimates

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

THE IDEA VILLAGE, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2022 and 2021

2) Summary of significant accounting policies (continued)

(f) Use of estimates (continued)

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

(g) Concentration of credit risk

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

(h) Promises to give

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

(i) Donated services

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

The Idea Village received volunteer help to provide consulting services to entrepreneurs and other donated services to assist with meeting and event expenses. The estimated value of the contributed services for the years ended June 30, 2022 and 2021 was \$115,497 and \$7,879, respectively.

(j) Functional expenses

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

(k) Pledges receivable

Pledges receivable consists of unconditional promises to give that are expected to be collected in future years and are recorded at the present value of their estimated future cash flows. As of June 30, 2022 and 2021 promises to give consisted of \$15,000 and \$15,000, respectively.

(l) Revenue recognition

Contributions received are recorded at fair value as revenue when an unconditional promise to give has been received. Contributions are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence or absence of any donor restrictions.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Until that point, any amounts received are recorded as refundable advances. As of June 30, 2022, and 2021, conditional promises to give were \$125,000 and \$65,000,

THE IDEA VILLAGE, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2022 and 2021

2) Summary of significant accounting policies (continued)

(l) Revenue recognition (continued)

respectively. These balances have been recorded in refundable advances on the statements of financial position.

The Organization has elected to present revenue with donor restrictions if all of the requirements imposed by the donor restrictions are met in the year of receipt as contributions without donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. All amounts received prior to the commencement of the associated program are deferred to the applicable period.

(m) Net assets

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

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

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

(n) Reclassification

Certain reclassifications have been made to the 2021 financial statement presentations to correspond to the current year's format. Total net assets and change in net assets are unchanged due to these reclassifications.

3) Operating lease

The Idea Village entered into a lease agreement effective August 1, 2022 for office space. The lease expires in July 2026, unless terminated early in accordance with the lease agreement. Future minimum rental payments under the lease are as follows:

<u>Year Ending</u>	<u>Amount</u>
2023	\$ 117,956
2024	117,956
2025	121,495
2026	10,249

THE IDEA VILLAGE, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2022 and 2021

4) Agency transactions

The Idea Village receives donated or subsidized consulting and legal services from various businesses throughout the year. These services are then passed on to the entrepreneurs. The total amount received during 2022 and 2021 was approximately \$206,295 and \$138,700, respectively.

5) Line of credit

The Company has a \$200,000 revolving line of credit with a bank that expires November 18, 2024. The rate of interest is 1.5% over the Prime Rate of the lender (8.5% at June 30, 2022), as defined in the promissory note. The balance on the line of credit was \$-0- and \$-0- as of June 30, 2022 and 2021, respectively.

6) Long-term debt

Long-term debt consisted of the following:

	2022	2021
Note payable from the Paycheck Protection Program with interest rate equal to 1%, with monthly installments of approximately \$1,150 and maturing in March 2026. The loan was forgiven by the Small Business Administration in 2022	\$ -	\$ 67,120
Less current portion	-	(9,879)
Long-term debt, less current portion	\$ -	\$ 57,241

7) Notes receivable

On April 19, 2019 and May 11, 2021, The Idea Village entered into a Simple Agreement for Future Equity (“SAFE”) for \$50,000 with a company. If there is an equity financing before the termination of the SAFE, on the initial closing of such equity financing, the SAFE will automatically convert into the greater of: (1) the number of shares of Standard Preferred Stock equal to the Purchase Amount divided by the lowest price per share of the Standard Preferred Stock; or (2) the number of shares of Safe Preferred Stock equal to the Purchase Amount divided by the Safe Price. As of June 30, 2022, neither of the SAFE agreements have been converted into equity securities.

Total notes receivable as of June 30, 2022 and 2021 was \$100,000.

8) Investments

At June 30, 2022 and 2021, long-term investments consist of \$200,000 of equity securities in two companies.

THE IDEA VILLAGE, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2022 and 2021

9) Fair value measurement

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

Investments, notes receivable, and pledges receivable are measured at fair value on a recurring basis. For assets that are measured at fair value in periods after initial recognition, there were no transfers between Level 1 and Level 2. There were no transfers into or out of Level 3 in 2022 and 2021. Transfers are recognized as of the actual date of the event. Nonrecurring fair value adjustments, if any, would typically involve donated property and equipment or impairment accounting. There were no nonrecurring fair value adjustments in 2022 and 2021.

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2022:

THE IDEA VILLAGE, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2022 and 2021

9) Fair value measurement (continued)

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

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

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Promises to give, net	\$ -	\$ -	\$ -	\$ -
Notes receivable, net	100,000	-	-	100,000
Investments	200,000	-	-	200,000
	<u>\$ 300,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>

	Promises to give, net	
	2022	2021
Beginning balance	\$ 15,000	\$ -
Pledges	584,461	565,000
Cash receipts	(584,461)	(550,000)
Ending balance	<u>\$ 15,000</u>	<u>\$ 15,000</u>

As of June 30, 2022, the Organization received conditional promises to give of approximately \$530,000 for fiscal year 2023.

10) New accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the statement of financial position as well as additional disclosures. The updated guidance is effective for annual periods beginning after December 15, 2021. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

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

THE IDEA VILLAGE, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2022 and 2021

11) Restrictions on net assets

The Idea Village, Inc. received several donor restricted grants to help fund various projects and programs. Net assets with donor restrictions as of June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Subject to expenditures for specified purpose:		
NOEW	\$ 362,837	\$ 135,000
VillageX	584,461	565,000
Idea Institute/Pipeline Programs	245,783	-
Other	<u>75,000</u>	<u>-</u>
	<u>1,268,081</u>	<u>700,000</u>
 Total donor restricted assets	 <u>\$ 1,268,081</u>	 <u>\$ 700,000</u>

12) Net assets released from restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor as follows for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
NOEW	\$ 362,837	\$ 135,000
VillageX	584,461	565,000
Idea Institute/Pipeline Programs	245,783	-
Other	<u>75,000</u>	<u>-</u>
	<u>1,268,081</u>	<u>700,000</u>
 Net assets released from restriction	 <u>\$ 1,268,081</u>	 <u>\$ 700,000</u>

13) Liquidity and availability

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

Cash	\$ 648,554
Contribution receivable	<u>89,258</u>
	<u>\$ 737,812</u>

14) Coronavirus (COVID-19)

The COVID-19 pandemic has impacted and could further impact the Organization's operations and the operations of the Organization's suppliers and vendors as a result of quarantines, facility closures, and

THE IDEA VILLAGE, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2022 and 2021

14) Coronavirus (COVID-19)

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. 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.

15) Paycheck Protection Program

During the years ended June 30, 2021 and 2020 the Organization was able to participate in the Paycheck Protection Program ("PPP"). This program was designed to assist organizations with cash flow requirements necessary to maintain a healthy workforce during the COVID-19 pandemic. Under this program the Organization was able to borrow monies, up to certain amounts, to be used for payroll related costs. Loans under the PPP could be forgiven by the Federal Government if the Organization meets the forgiveness criteria outlined within the CARES Act. As disclosed in Note 6, the Organization borrowed \$67,120 under the terms and conditions of the PPP during the years ended June 30, 2021. On March 16, 2022, the organization received forgiveness of the PPP loan received in 2021 and recognized \$67,120 of revenue and has included it in other revenues on the statements of activities.

16) Related party transactions

From time to time, the Organization may receive donated services from organizations affiliated with board members or from board members in the form of direct funding and/or services and goods donations. The Organization received \$23,265 and \$19,305 in donated services in fiscal year 2022 and 2021, respectively. Direct funding received from board members and affiliates was approximately \$141,000 and \$345,000 in fiscal years 2022 and 2021, respectively. Additionally, the Organization paid approximately \$147,160 and \$122,000 in fiscal years 2022 and 2021, respectively, for rentals and other operating costs to entities associated with board members.

17) Subsequent events

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Idea Village, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon December 8, 2022.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Metairie, Louisiana

December 8, 2022

Wegmann Bazet APC

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

For the Years Ended June 30, 2022 and 2021

SUMMARY OF COMPENSATION

Jon Atkinson  
CEO

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