COLLEGIATE ACADEMIES and AFFILIATE

CONSOLIDATED FINANCIAL REPORT

June 30, 2023

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CPAs and Advisors

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Collegiate Academies and Affiliate
New Orleans, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of Collegiate Academies and Affiliate (the Organizations) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Organizations as of June 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated 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 Organizations' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 Organizations' 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 Organizations' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and schedule of compensation, benefits, and other payments made to agency head are presented for purposes of additional analysis and are not a required part of the consolidated 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. The 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.

The consolidating statement of financial position and consolidating statement of activities, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, on our consideration of the Organizations' 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 the Organizations' 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 Organizations' internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
January 19, 2024

Collegiate Academies and Affiliate
Consolidated Statement of Financial Position

June 30,	**2023**
Assets	
Current assets	
Cash and cash equivalents	**$ 9,616,738**
Grant and other receivables	**4,751,133**
Prepaid expenses and other current assets	**349,950**
Total current assets	**14,717,821**
Investments	**8,199,506**
Operating lease right-of-use assets, net	**357,209**
Property and equipment, net	**9,903,082**
Total assets	**$ 33,177,618**
Liabilities and Net Assets	
Current liabilities	
Accounts payable and accrued expenses	**$ 3,500,694**
Deferred revenue	**14,565**
Current portion of operating lease liabilities	**212,242**
Short term portion of notes payable	**101,573**
Total current liabilities	**3,829,074**
Noncurrent liabilities	
Operating lease liabilities, net of current portion	**144,967**
Notes payable, net of short term portion	**9,194,341**
Total liabilities	**13,168,382**
Net assets	
Without donor restrictions	**19,866,236**
With donor restrictions	**143,000**
Total net assets	**20,009,236**
Total liabilities and net assets	**$ 33,177,618**

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Activities

For the year ended June 30,	2023
Changes in net assets without donor restrictions	
Revenue and other support	
Minimum Foundation Program	$ 44,168,993
Revenue from local sources	1,246,936
Revenue from State sources	61,141
Revenue from Federal sources	12,617,761
Contributions and donations	7,709,201
Student activity income	567,837
Investment dividends and interest	97,948
Net assets released from restriction	203,500
Total revenue and other support	66,673,317
Expenses	
Program services	28,221,746
Management and general	32,028,970
Total expenses	60,250,716
Change in net assets without donor restriction	6,422,601
Change in net assets with donor restriction	
Net assets released from restriction	(203,500)
Total net assets with donor restrictions	(203,500)
Change in net assets	6,219,101
Net assets at beginning of year	13,790,135
Net assets at end of year	$ 20,009,236

The accompanying notes are an integral part of these financial statements.

Collegiate Academies and Affiliate
Consolidated Statement of Functional Expenses

For the year ended June 30,	Instructional	Management & General	2023 Totals
Salaries and benefits	$ 21,292,398	$ 15,808,398	**$ 37,100,796**
Student transportation services	594,306	5,273,588	**5,867,894**
Materials and supplies	2,529,392	1,813,390	**4,342,782**
Purchased property services	9,364	3,598,671	**3,608,035**
Professional services	1,304,141	2,064,287	**3,368,428**
Food service	325	1,520,859	**1,521,184**
Utilities	827,024	275,674	**1,102,698**
Dues and fees	128,848	883,561	**1,012,409**
Insurance	553,505	184,501	**738,006**
Interest	304,116	101,372	**405,488**
Travel	76,348	234,091	**310,439**
Depreciation	223,163	74,388	**297,551**
Telephone and postage	38,944	178,182	**217,126**
Printing and binding	172,340	2,093	**174,433**
Textbooks	139,190	1,491	**140,681**
Property lease expense	28,342	9,447	**37,789**
Recruiting	-	4,977	**4,977**
Total	**$ 28,221,746**	**$ 32,028,970**	**$ 60,250,716**

The accompanying notes are an integral part of these financial statements.

For the year ended June 30,		2023
Operating activities		
Change in net assets	$	6,219,101
Adjustments to reconcile change in net assets to		
net cash provided by (used in) operating activities:		
Depreciation		297,547
Amortization of right-of-use assets		206,862
Changes in operating assets and liabilities:		
Certificate of deposit		(1,000,000)
Grant and other receivables		2,819,715
Prepaid expenses and other current assets		(152,975)
Accounts payable and accrued expenses		146,781
Operating lease liabilities		(206,862)
Deferred revenues		(396,235)
Net cash provided by (used in) operating activities		7,933,934
Investing activities		
Purchase of investments		(7,059,506)
Net cash provided by (used in) financing activities		(7,059,506)
Financing activities		
Payments on notes payable		(154,387)
Net cash provided by (used in) financing activities		(154,387)
Net change in cash and cash equivalents		720,041
Cash and cash equivalents at beginning of year		8,896,697
Cash and cash equivalents at end of year	$	9,616,738

Schedule of Noncash Transactions

Lease liabilities arising from obtaining right-of-use assets		
Operating leases	$	564,071

Note 1: DESCRIPTION OF THE ORGANIZATION

Collegiate Academies (the School) was incorporated in May of 2010 as New Orleans Charter Science and Math Academy for the purpose of operating a transformation charter school in New Orleans. Effective July 1, 2010, the assets and liabilities of New Orleans Charter Science and Math Academy were transferred from another non-profit organization (Advocates for Science and Mathematics Education, Inc.). In February of 2011, the Board of New Orleans Charter Science and Math Academy approved a name change to Collegiate Academies. The School was created to develop college-bound students for leadership and lifelong learning. The State Board of Elementary and Secondary Education granted the School a Type 5 charter to operate Collegiate Academies. In August 2013, the School expanded by adding two (2) new high schools with ninth grade only, George Washington Carver Collegiate Academy and George Washington Carver Preparatory Academy. By the 2015-2016 school year, all three (3) high schools contained grades 9-12.

As of the 2016-2017 school year, George Washington Carver Collegiate Academy and George Washington Carver Preparatory Academy merged to become George Washington Carver Collegiate Academy. As well, Livingston Collegiate opened in the fall of 2016 with ninth grade only. Livingston Collegiate has added a class level a year to be serving 9-12 by the start of the 2019-2020 school year. Collegiate Baton Rouge has added a grade each school year to be serving 9-12 grades by fall of 2020. In the 2018-2019 school year, Rosenwald Collegiate Academy opened in New Orleans with ninth grade only. Rosenwald has added a grade each school year to be serving 9-12 grades by fall of 2021. In the 2018-2019 school year, Opportunities Academy opened in New Orleans. Opportunities Academy is a full-day program for students with intellectual and developmental disabilities.

Friends of Collegiate (Friends), incorporated on July 1, 2018, is a non-profit organization organized and operated for the benefit of Collegiate Academies.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Consolidation

The consolidated financial statements include accounts of Collegiate Academies and Friends of Collegiate, collectively referred to as the Organizations. All material intercompany account balances and transactions have been eliminated.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of U.S. GAAP consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant changes in the near term are related to allocation of expenses by function, fair value of investments, lease discount rates, and depreciation.

Program Services

The Organizations' program services consist of the following:

Instructional – The Organizations provide educational services to students in the greater New Orleans and Baton Rouge areas for grades 9-12 and a program for students with intellectual and developmental disabilities.

Cash and Cash Equivalents and Certificate of Deposit

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less. Certificates of deposit with original maturities greater than 90 days are included in other assets on the consolidated statement of financial position.

Grant and Other Receivables

The grant and other receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organizations provide for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of grantors/donors to meet their obligations. Management believes that all receivables are collectible. As such, the consolidated financial statements do not include an estimate for allowance for doubtful accounts.

Investments

The Organizations report investments in equity and fixed income securities with readily determinable fair values at their fair values in the consolidated statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions. If the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of $5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Impairment of Long-Lived Assets

The Organizations review long-lived assets, consisting of buildings and equipment, for impairment and determine whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. The Organizations determine recoverability of assets by comparing the carrying value of the asset to the net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded during 2023.

Leases

The Organization leases modular classrooms, office space, and copiers. The Organizations determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities in the statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Net Assets

The Organizations report information regarding financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organizations, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Revenue Recognition

A significant portion of the Organizations' grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Revenue from fundraising is recognized as revenue when performance obligations under the terms of the contracts are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the consolidated statement of financial position when present. There was no fundraising income received during the year ended June 30, 2023.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Deferred revenue consists of a grant award received in advance that relates to services to be rendered in a future period and is deferred and recognized as revenue in the period earned.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. There were no donated assets received during the year ended June 30, 2023.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organizations. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met. There were no donated services received during the year ended June 30, 2023.

Compensated Absences

All full time teachers and staff are provided up to 10 no-fault days per Collegiate Academies Employee Handbook. Unused no-fault balances, if any, are forfeited upon employee termination and at the conclusion of the fiscal year. Friends of Collegiate does not have employees.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the entire facility, insurance, interest, utilities, telephone and postage, and depreciation are allocated based on square footage.

Advertising

The Organizations use advertising to promote their programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the year ended June 30, 2023, advertising costs totaled $4,977.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organizations are exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions. There was no unrelated business income for the year ended June 30, 2023.

The Organizations utilize the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023, the Organizations have no uncertain tax positions that qualify for recognition or disclosure in the consolidated financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, January 19, 2024. See note 8 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organizations adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available.

The Organizations elected the available practical expedients to account for existing operating leases as operating leases, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organizations recognized on July 1, 2022, beginning of the year of adoption, a lease liability of $458,569, which represents the present value of the remaining operating lease payments of $474,652, discounted using our incremental borrowing rate between 2.96% and 3.02%, and a right-of-use asset of $458,569.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

The standard had a material impact on the Organizations' consolidated statement of financial position, but did not have an impact on the consolidated statement of activities, nor consolidated statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organizations maintain their financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organizations' expenditures come due. The following reflects the Organizations' financial assets as of the consolidated statement of financial position dates, reduced by amounts not available for general use within one year of the consolidated statements of financial position dates because of contractual or donor-imposed restrictions.

June 30,	**2023**
Total assets at year-end	**$ 33,177,618**
Less non-financial assets	
Prepaid expenses and other assets	**349,950**
Operating lease right-of-use assets, net	**357,209**
Property and equipment, net	**9,903,082**
Financial assets at year-end	**22,567,377**
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or purpose restrictions	**143,000**
Financial assets available to meet cash needs for general expenditures within one year	**$ 22,424,377**

The Organizations are principally supported by government grants. The goal of the Organizations are to maintain available financial assets to meet its next 30 days of operating expenses. As part of its liquidity management, the Organizations maintain cash accounts at a local bank, which pays interest on the balances maintained.

Note 4: GRANT AND OTHER RECEIVABLES

Grant and other receivables consist of the following:

Grants and other receivables	**2023**
Louisiana Department of Education	**$ 3,307,472**
Minimum Foundation Program funds	**515,182**
Healthy School Food Collaborative	**352,577**
New Schools for New Orleans	**280,017**
City Fund	**143,000**
Other	**52,694**
Louisiana Workforce Commission	**45,349**
YouthForce NOLA	**26,001**
Entergy	**15,000**
Einstein Charter Schools	**8,555**
KIPP New Orleans	**5,286**
Total grants and other receivables	**$ 4,751,133**

Note 5: INVESTMENTS

Investments in marketable securities consist of the following:

	Cost	**Fair Value**
Cash equivalents	$ 10,113	**$ 10,113**
US equity securities	28,097	**32,601**
Taxable fixed income securities	7,136,945	**7,156,792**
Total investments in marketable securities	$ 7,175,155	**$ 7,199,506**

Note 6: PROPERTY AND EQUIPMENT

Property and equipment is as follows as of June 30, 2023:

	Estimated Useful Lives (in years)	**2023**
Land		**$ 360,000**
Building	15 years	**10,337,608**
Equipment	7 years	**373,201**
Total		**11,070,809**
Accumulated depreciation		**(1,167,727)**
Total property and equipment, net		**$ 9,903,082**

Note 6: PROPERTY AND EQUIPMENT (Continued)

Depreciation expense was $297,551 for the year ended June 30, 2023.

Note 7: BUILDING USE AGREEMENT

The School entered into building use agreements with NOLA Public Schools (formerly Orleans Parish School Board) (NOLA PS) for the use of buildings and grounds as school facilities. The School agrees to pay NOLA PS a Use Fee and participate in NOLA PS's Per Pupil Unit Cost Program. The Use Fee shall be the per pupil share of the actual costs of the property, boiler and machinery, terrorism, disaster management and flood insurance of all NOLA PS-controlled school facilities participating in the Per Pupil Unit Cost Program, including any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship.

The agreements between the parties is intended to allow NOLA PS to move the School at any time as long as NOLA PS provides another facility deemed reasonable; taking into consideration such factors as building capacity, design alignment with grade levels served by the School, projected enrollment, program specific needs, and community support and participation.

For the year ended June 30, 2023, the Organizations paid annual usage fees to NOLA PS of $438,489 for use of the school facilities. These amounts are recorded as insurance expenses in the statement of functional expenses.

Note 8: LEASES

The Organizations have operating leases for modular classrooms, office space, and equipment. The leases have remaining lease terms of 1.33 to 4 years, some of which include options to extend the leases for up to 1 year.

Operating lease costs for the year ended June 30, 2023 consists of $206,862. As of June 30, 2023, the weighted average remaining lease terms is 2.72 years and the weighted average discount rate is 2.98%.

Future minimum lease payments under non-cancellable leases as of June 30, 2023 were as follows:

2024	$	219,917
2025		93,728
2026		39,195
2027		15,992
Total future minimum lease payments		368,833
Less imputed interest		(11,624)
Present value of operating lease liabilities	$	357,209

Note 8: LEASES (Continued)

As of June 30, 2023, the Organizations have an additional operating lease for office space with a related party that has not yet commenced of $8,400,000. This operating lease will commence between fiscal year 2023 and fiscal year 2024 with lease terms of 10 years.

Note 9: NOTES PAYABLE

Friends entered into a mortgage payable with a financial institution on August 6, 2018 for the construction of a new school in Baton Rouge. The debt is separated into 4 loans with interest rates from 4.85% to 5.64%. The debt agreements are short-term construction agreements and have varying maturity from July 31, 2023 to September 1, 2023. Loan are collateralized by the property.

Effective September 27, 2023, the loans were refinanced with the same financial institution. The total loan balance at refinance was $9,620,000. Payments will be made based on 25 year amortization until the maturity date of October 1, 2033 at which time the remaining balance will be due. Interest is payable at an initial rate of 6.70%. On the first day of the first month following the fifth anniversary of the closing date, the interest rate will be adjusted to the greater of (a) base rate as of three business days prior to the rate adjustment date plus 2.10% and (b) 3.50%.

Long-term debt consists of the following:

June 30,	**2023**
Note payable to CSGF Facility Fund III, LLC, the entire principal amount due upon maturity date as of July 31, 2023; interest of 2.75% per annum.	**$ 2,500,000**
Note payable to Self-Help New Markets XII, LLC, monthly payment of $7,828.88 including interest of 4.85% per annum, maturity of September 1, 2023	**1,268,873**
Note payable to Self-Help New Markets XIII, LLC, monthly payment of $7,828.88 including interest of 4..85% per annum, maturity of September 1, 2023	**1,268,873**
Note payable to Self-Help Credit Union, monthly payment of $28,134.03 including interest of 5.60% per annum, maturity of September 1, 2023	**4,258,168**
Long-term debt	**9,295,914**
Less current portion	**(101,573)**
Long-term debt, less current maturities	**$ 9,194,341**

Interest expense related to the mortgage agreement was $405,488 for the year ended June 30, 2023.

Note 9: NOTES PAYABLE (Continued)

Certain note agreements contain various special provisions and covenants pertaining to, but not limited to, use of proceeds, payment of indebtedness and taxes, existence and properties, and other various reporting obligations. Management believes the Organizations were compliant with these requirements as of June 30, 2023, except that management failed to deliver audited financial statements by the required deadline and failed to deliver certifications by the required deadline. This noncompliance did not have an effect on the loan repayments or the Organizations' ability to refinance the loan agreements.

Maturities of long-term debt subsequent to June 30, 2023 consists of the following:

For the year ending June 30,	
2024	$ 101,573
2025	161,100
2026	172,231
2027	184,132
2028	196,855
Thereafter	8,480,023
Total	$ 9,295,914

Note 10: NET ASSETS

When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restriction.

Net assets with donor restrictions at June 30, 2023 consisted of the following:

	2023
Purpose restricted:	
City Fund	**$ 143,000**
Total net assets with donor restrictions	**$ 143,000**

Note 11: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Note 11: FAIR VALUE MEASUREMENTS (Continued)

There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
  - can be corroborated by observable market data.

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 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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, 2023.

Cash equivalents: Valued at the closing price reported on the active market on which the individual securities are traded.

US equity security: Valued at the closing price reported on the active market on which the individual securities are traded.

Taxable fixed income securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organizations believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Note 11: FAIR VALUE MEASUREMENTS (Continued)

Assets and liabilities measured at fair value on a recurring basis consists of the following as of June 30, 2023:

Description	Level 1	Level 2	Level 3	Total
Cash equivalents	$ 10,113	$ -	$ -	$ 10,113
US equity securities	32,601	-	-	32,601
Taxable fixed income securities	7,156,792	-	-	7,156,792
Total	$ 7,199,506	$ -	$ -	$ 7,199,506

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total assets. For the year ended June 30, 2023, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 12: CONCENTRATIONS

The Organizations maintain cash deposits with a financial institution at June 30, 2023 in excess of federally insured limits of $11,133,499. The financial institution had pledged securities on behalf of the School, which secured cash balances in excess of the federally insured limit as of June 30, 2023.

The Organizations maintain brokerage accounts with national brokerage firms. Account holders are insured by the Securities Investor Protection Program (SIPC) up to $500,000, of which $250,000 may be cash. As of June 30, 2023, the Organizations' balances in the brokerage accounts exceeded SIPC insurance limits by $6,552,055. Management has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

For the year ended June 30, 2023, the Organizations received 19% of their total revenue from federal sources and 66% of their total revenue from state and local public school funds. As of the year ended June 30, 2023, the Organizations had 84% of their receivables from federal sources.

Note 13: CONTINGENCIES

The continuation of the School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

Note 14: DEFINED CONTRIBUTION PLAN

The School sponsors a defined contribution plan (the Plan) covering all employees immediately upon hire who agree to make contributions to the Plan. The School may elect to make discretionary contributions during any plan year. The School elected to make discretionary contributions of $783,205 for the year ended June 30, 2023.

Collegiate Academies and Affiliate
Schedule of Compensation, Benefits and Other Payments
Made to Agency Head

Agency Head Name: Jerel Bryant, CEO	**Amount**
Purpose:	
Salary	**$ 205,000**
Benefits-Fica and Medicare	**13,420**
Benefits-health insurance	**5,683**
Benefits-retirement	**6,150**
Reimbursements	**256**
Registration fees	**-**
Workers comp	**-**
Benefits-long term disability	**114**
Deferred compensation	**327**
Cell phone	**-**
Benefits-life insurance	**39**
Car allowance	**-**
Vehicle provided by government	**-**
Dues	**-**
Vehicle rental	**-**
Per diem	**-**
Travel	**53**
Conference travel	**1,752**
Unvouchered expenses	**-**
Meetings and conventions	**645**
Other	**-**
Total	**$ 233,438**

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

Board of Directors
Collegiate Academies and Affiliate
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 consolidated financial statements of Collegiate Academies and Affiliate (nonprofit organization) (the Organizations), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements, and have issued our report thereon dated January 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' 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 Organizations' consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organizations' consolidated financial statements are free from material misstatement, we performed tests of the compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of finding and questions costs as items 2023-001 and 2023-002.

Collegiate Academies and Affiliate's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organizations' response to findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organizations' response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

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 Organizations' 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.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
January 19, 2024

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Collegiate Academies and Affiliate
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Collegiate Academies and Affiliate's (the Organizations) (nonprofit organizations) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organizations' major federal programs for the year ended June 30, 2023. The Organizations' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organizations complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organizations and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organizations' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organizations' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organizations' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organizations' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, 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 Organizations' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Organizations' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organizations' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organizations' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our tfesting of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
January 19, 2024

Collegiate Academies and Affiliate
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Assistance Listing Number*	*Pass-through Entity Identifying*	*Federal Expenditures ($)*
<u>United States Department of Education</u>			
<u>Passed-through Louisiana Department of Education</u>			
Title I Grants to Local Educational Agencies	84.010A	N/A	$ 1,573,399
<u>Special Education Cluster</u>			
Special Education Grants to States (IDEA, Part B)	84.027	N/A	725,434
Special Education Grants to States (High Cost Services)	84.027A	N/A	662,179
COVID-19 - ARP - Special Education Grants to States (IDEA 611 ARP)	84.027X	N/A	23,351
Total Special Education Cluster			1,410,964
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	N/A	180,207
English Language Acquisition State Grants	84.365A	N/A	48,028
Student Support and Academic Enrichment Program	84.424A	N/A	396
<u>Education Stablization Fund</u>			
COVID-19 - ESSER II Formula	84.425D	N/A	844,711
COVID-19 - ARP - ESSER II Incentive	84.425D	N/A	124,973
COVID-19 - ARP - ESSER III Incentive	84.425D	N/A	476,496
COVID-19 - ARP - ESSER III EB Interventions	84.425U	N/A	633,403
COVID-19 - ARP - ESSER I Formula	84.425U	N/A	54,883
COVID-19 - ARP - ESSER III Formula	84.425U	N/A	3,489,090
COVID-19 - ARP - Homeless ARP	84.425W	N/A	6,306
Total COVID-19 & ARP Education Stabalization Fund			5,629,862
Total passed-through Louisiana Dept of Education			8,842,856
Charter Schools	84.282M	N/A	502,220
<u>Passed-through YouthForce New Orleans Consortium</u>			
Career and Technical Education - Basic Grants to States	84.048	N/A	26,001

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	*Assistance Listing Number*	*Pass-through Entity Identifying*	*Federal Expenditures ($)*
Passed-through New Schools for New Orleans			
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)	84.374A	N/A	$ 745,071
Passed-through Louisiana Workforce Commission			
Rehabilitation Services Vocational Rehabilitation Grants to States (Louisiana Rehabilitative Services)	84.126A	N/A	218,084
Rehabilitation Services Vocational Rehabilitation Grants to States (Work-Based Learning Experience)	84.126A	N/A	23,630
Total passed-through Louisiana Workforce Commission			241,714
Total United States Department of Education			10,357,862
United States Department of Agriculture			
Passed-through Louisiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	N/A	472,433
National School Lunch Program	10.555	N/A	1,257,847
National School Lunch Program (Supply Chain Assistance)	10.555	N/A	93,524
Total Child Nutrition Cluster			1,823,804
Summer Food Service Program for Children	10.559	N/A	84,166
Total United States Department of Agriculture			1,907,970
United States Department of Health			
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	N/A	72,500
Total Expenditures of Federal Awards			**$ 12,338,332**

Note 1: General

The accompany schedule of expenditures of federal awards (the Schedule) presents the revenues from federal awards of Collegiate Academies (the School) (a nonprofit organization) as defined in Note 2 to the School's basic consolidated financial statements for the year ended June 30, 2023. All federal financial assistance received directly from federal agencies is included on the Schedule, as well as federal assistance passed through other government agencies.

Note 2: DE MINIMIS INDIRECT COST RATE

The School has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3: BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Collegiate Academies and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

Note 4: RECONCILIATION OF FEDERAL GRANT REVENUE TO EXPENDITURES OF FEDERAL AWARDS

Federal awards revenues reported in the Organizations' consolidated financial statements reconcile to federal award expenditures as follows:

Expenditures of federal awards during the year ended June 30, 2023	$	12,338,332
Child nutrition program net cash resources		279,429
Total federal grants revenue	$	12,617,761

Note 5: RELATIONSHIP TO BASIC CONSOLIDATED FINANCIAL STATEMENTS

Federal award revenues are reported in the School's basic consolidated financial statements as program revenues.

Note 6: LOANS

Collegiate Academies did not expend federal awards related to loans or loan guarantees during the year.

Note 7: FEDERALLY FUNDED INSURANCE

Collegiate Academies has no federally funded insurance.

Note 8: NONCASH ASSISTANCE

Collegiate Academies did not receive any federal noncash assistance for the fiscal year ended June 30, 2023.

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
c. Noncompliance material to the financial statements noted?	Yes

Federal Awards

1. Type of auditors' report issued on compliance for major programs	Unmodified
2. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	None noted
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)?	No
4. Identification of major programs	

ALN Number	Federal Program
84.027	Special Education Cluster
84.425	COVID-19 Education Stabilization Fund

5. Dollar threshold used to distinguish between type A and type B programs	$750,000
6. Auditee qualified as low-risk under 2CFR 200.520	No

Section II – Financial Statement Findings

Finding 2023-001 Noncompliance – LATE FILING FINDING (Originated in 2022)

Criteria: Per Louisiana Revised Statute 24:513, the School is required to complete and submit an audit to the Louisiana Legislative Auditor "within six months of the close of the local auditee's or vendor's fiscal year."

Condition: The School did not complete and submit the audit to the Louisiana Legislative Auditor within the required time period.

Cause: The School did not implement appropriate controls and processes to ensure that the audit was submitted within the required time period.

Effect: MFP revenue could be withheld if the required report is not submitted timely.

Recommendation: We recommend that the School implement controls and processes to ensure all required reports are submitted timely.

Management Response: See corrective action plan on page 37.

Finding 2023-002 Noncompliance – STUDENT ELIGIBILITY (Originated in 2022)

Criteria: The School should review and maintain student file documentation prior to acceptance each year to determine that the student exists and is a resident of Orleans or East Baton Rouge Parish (depending on the School of acceptance) and, thus, eligible to attend the School as required by the charter agreement.

Condition: The School did not maintain documentation that it reviewed student eligibility prior to acceptance for the 2022-2023 school year. 9 of 25 files tested did not contain documentation that the student resided within the appropriate parish. 1 of 25 files tested did not contain documentation, such as birth certificate or social security card, that the student existed.

Cause: The School did not implement appropriate controls to ensure documentation of existence and eligibility was maintained.

Effect: Local Minimum Foundation Program revenue could be collected for fictitious students or students that do not reside within the appropriate parish.

Recommendation: We recommend that the School design and implement controls to verify and maintain documentation of student existence and eligibility.

Management Response: See corrective action plan on page 37.

Section III – Federal Award Findings and Questioned Costs

Finding 2023-003 **Other Matter – Unallowable costs**

United States Department of Education – Passed-through Louisiana Department of Education

Education Stabilization Fund – ALN #84.425 – Program Year 2021

Criteria: According to 2 CFR 200.405 Allocable costs, "any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, rgulations, or terms and conditions of the Federal awards, or for other reasons."

Condition: The School charged the same salary expense to two different federal grants

Cause: The School did not implement appropriate controls to ensure expenses were not charged in full to multiple federal grants.

Effect: Unallowable costs could be charged to federal grants and may be required to be repaid to the federal agency.

Questioned Costs: $2,210. This is the total of one payroll amount found to have been reimbursed from two federal grants.

Recommendation: We recommend that the School design and implement controls to ensure expenses are not charged in full to multiple grants.

Management Response: See corrective action plan on page 37.

Section IV – Prior Findings and Questioned Costs for Federal Awards

No matters were reported.

Collegiate Academies and Affiliate
Consolidating Statement of Financial Position

June 30,	Collegiate	Friends of Collegiate	Eliminating Entries	2023 Total
Assets				
Current assets				
Cash and cash equivalents	$ 9,477,112	$ 139,626	$ -	**$ 9,616,738**
Certificate of deposit	1,000,000	-	-	**1,000,000**
Grant and other receivables	4,751,133	96,432	(96,432)	**4,751,133**
Prepaid expenses and other current assets	349,950	-	-	**349,950**
Total current assets	15,578,195	236,058	(96,432)	**15,717,821**
Investments	7,199,506	-	-	**7,199,506**
Operating lease right-of-use assets, net	357,209	-	-	**357,209**
Property and equipment, net	166,897	9,736,185	-	**9,903,082**
Total assets	**$ 23,301,807**	**$ 9,972,243**	**$ (96,432)**	**$ 33,177,618**
Liabilities and net assets				
Current liabilities				
Accounts payable and accrued expenses	$ 3,325,068	$ 311,893	$ (136,267)	**$ 3,500,694**
Deferred revenue	14,565	-	-	**14,565**
Current portion of operating lease liabilities	212,242	-	-	**212,242**
Short term portion of notes payable	-	101,573	-	**101,573**
Total current liabilities	3,551,875	413,466	(136,267)	**3,829,074**
Noncurrent liabilities				
Operating lease liabilities, net of current portion	144,967	**-**	**-**	**144,967**
Notes payable, net of short term portion	-	9,194,341	-	**9,194,341**
Total liabilities	3,696,842	9,607,807	(136,267)	**13,168,382**
Net assets				
Without donor restriction	19,461,965	364,436	39,835	**19,866,236**
With donor restrictions	143,000	-	-	**143,000**
Total net assets	19,604,965	364,436	39,835	**20,009,236**
Total liabilities and net assets	**$ 23,301,807**	**$ 9,972,243**	**$ (96,432)**	**$ 33,177,618**

Collegiate Academies and Affiliate
Consolidating Statement of Activities

For the year ended June 30,	Collegiate	Friends of Collegiate	Eliminations	2023 Total
Changes in net assets without donor restrictions				
Revenue and other support				
Minimum Foundation Program	$ 44,168,993	$ -	$ -	**$ 44,168,993**
Revenue from local sources	1,246,936	-	-	**1,246,936**
Revenue from State sources	61,141	-	-	**61,141**
Revenue from Federal sources	12,617,761	-	-	**12,617,761**
Contributions and donations	7,709,201	-	-	**7,709,201**
Student activity income	567,837	-	-	**567,837**
Rental income	-	578,592	(578,592)	**-**
Investment dividends and interest	96,275	1,673	-	**97,948**
Net assets released from restriction	203,500	-	-	**203,500**
Total revenue and other support	66,671,644	580,265	(578,592)	**66,673,317**
Expenses				
Program services - Instructional	28,221,746	-	-	**28,221,746**
Supporting services - Management and gen	31,914,485	693,077	(578,592)	**32,028,970**
Total expenses	60,136,231	693,077	(578,592)	**60,250,716**
Change in net assets without donor restrictio	6,535,413	(112,812)	-	**6,422,601**
Change in net assets with donor restriction				
Net assets released from restriction	(203,500)	-	-	**(203,500)**
Total net assets with donor restrictions	(203,500)	**-**	**-**	**(203,500)**
Change in net assets	**6,331,913**	**(112,812)**	**-**	**6,219,101**
Net assets at beginning of year	13,273,052	477,248	39,835	**13,790,135**
Net assets at end of year	**$ 19,604,965**	**$ 364,436**	**$ 39,835**	**$ 20,009,236**

January 15, 2024

RE: Corrective Action Plan

Collegiate Academies respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:
Carr, Riggs & Ingram, LLC
111 Veterans Blvd
Suite 350
Metairie, LA 70005

Audit Period:
Fiscal Year July 1, 2022 through June 30, 2023

MANAGEMENT'S RESPONSE TO FINDINGS

Finding 2023-001 Noncompliance – LATE FILING FINDING (Originated in 2022)

Status: In progress.

Planned Corrective Action: Management will work with the external accountants and auditors to develop a timeline for the audit that ensures completion by the required deadlines.

Person(s) Responsible: Justin Pickel, Chief Operating Officer

Estimated Completion Date: December 31, 2024

Finding 2023-002 – Noncompliance – STUDENT ELIGIBILITY (Originated in 2022)

Status: In progress.

Planned Corrective Action: Management will review current policies and procedures for review and maintenance of student files and make changes as necessary to ensure all student files are complete.

Person(s) Responsible: Justin Pickel, Chief Operating Officer

Estimated Completion Date: September 30, 2024

Collegiate Academies

<u>Finding 2023-003 Other Matter – Unallowable costs</u>

Status: In progress.

Planned Corrective Action: This instance has been corrected as the employee's salary has been removed from the ESSER program and replaced with another eligible employee for FY23. Moving forward, employees charged to the High Cost Services program will be included in the overall grant tracker to ensure no more than 100% of their salary has been allocated across all grants. An additional quality review will be conducted prior to the final draw-down of federal grants (by July 15th, annually) to ensure that no employee has had more than 100% of their salary allocated to federal programs.

Person(s) Responsible: Justin Pickel, Chief Operating Officer

Estimated Completion Date: July 15, 2024

Sincerely,

Justin Pickel, Chief Operating Officer

Collegiate Academies

BESE AGREED-UPON PROCEDURES REPORT

June 30, 2023

Carr, Riggs & Ingram, LLC
111 Veterans Boulevard
Suite 350
Metairie, LA 70005

504.837.9116
504.837.0123 (fax)
CRIcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Collegiate Academies
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Collegiate Academies (a nonprofit organization) (the School) for the fiscal year ended June 30, 2023; and to determine whether the specified schedules are free of obvious error and omissions, in compliance with Louisiana Revised Statute 24:514 I. The School's management is responsible for the performance and statistical data.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and results are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We will select a sample of 25 transactions, review supporting documentation, and observe that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:

    - Total General Fund Instructional Expenditures,
    - Total General Fund Equipment Expenditures,
    - Total Local Taxation Revenue,
    - Total Local Earnings on Investment in Real Property,
    - Total State Revenue in Lieu of Taxes,
    - Nonpublic Textbook Revenue, and
    - Nonpublic Transportation Revenue

    Results: Exception noted – two (2) out of twenty-five (25) selected expenses were incorrectly reported in Schedule 1.

Class Size Characteristics (Schedule 2)

2. We will obtain a list of classes by school, school type, and class size as reported on the schedule. We will then trace a sample of 10 classes to the October 1st roll books for those classes and observe that the class was properly classified on the schedule.

   Results: No exceptions noted as a result of applying the agreed-upon procedures.

Education Levels/Experience of Public School Staff (No Schedule)

3. We will obtain October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

   Results: Exceptions noted – six (6) out of twenty-five (25) selected individuals' education levels were incorrectly reported to the Louisiana Department of Education and one (1) out of twenty-five (25) selected individuals' years of experience was incorrectly reported to the Louisiana Department of Education.

Public School Staff Data: Average Salaries (No Schedule)

4. We will obtain June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

   Results: No exceptions noted as a result of applying the agreed-upon procedures.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Collegiate Academies, as required by Louisiana Revised Statue 24:514 I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
January 19, 2024

General Fund Instructional and Support Expenditures and
Certain Local Revenue Sources
For the Year Ended June 30, 2023

General Fund Instructional and Equipment Expenditures		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	$ 8,826,073	
Other Instructional Staff Activities	3,189,832	
Instructional Staff Employee Benefits	3,320,292	
Purchased Professional and Technical Services	1,092,765	
Instructional Materials and Supplies	2,655,012	
Instructional Equipment	13,894	
Total Teacher and Student Interaction Activities		19,097,868
Other Instructional Activities		1,018,764
Pupil Support Services	4,901,814	
Less: Equipment for Pupil Support Services	-	
Net Pupil Support Services		4,901,814
Instructional Staff Services	2,688,456	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		2,688,456
School Administration	3,610,853	
Less: Equipment for School Administration	1,104	
Net School Administration		3,609,749
Total General Fund Instructional Expenditures		$ 31,316,651
Total General Fund Equipment Expenditures		$ 284,356

Certain Local Revenue Sources

Not applicable to the School

Class Size Characteristics
As of October 1, 2022

	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
School Type	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**	**Percent**	**Number**
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	51%	602	19%	228	23%	277	7%	82
High Activity Classes	43%	54	14%	18	22%	28	20%	25
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

January 15, 2024

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to
Board of Elementary and Secondary Education Agreed-Upon Procedures
Collegiate Academies

Dear Sirs:

Collegiate Academies will review policies and procedures in regard to the comments for each schedule of performance and statistical data and make appropriate changes that will improve reporting on each schedule of performance and statistical data that are cost effective and within our budget constraints.

Sincerely,

Justin Pickel, COO

Collegiate Academies

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2023

Carr, Riggs & Ingram, LLC
111 Veterans Memorial Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Collegiate Academies and the
Louisiana Legislative Auditor
New Orleans, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 01, 2022 through June 30, 2023. Collegiate Academies' (the School's) management is responsible for those C/C areas identified in the SAUPs.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 01, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated results are as follows:

1) Written Policies and Procedures

A. Obtain and inspect the School's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the School's operations:

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: No exceptions were found as a result of applying the above procedure.

ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.

Results*:* No exceptions were found as a result of applying the above procedure.

iii. ***Disbursements***, including processing, reviewing, and approving.

Results: No exceptions were found as a result of applying the above procedure.

iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: No exceptions were found as a result of applying the above procedure.

v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

Results: No exceptions were found as a result of applying the above procedure.

vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: No exceptions were found as a result of applying the above procedure.

vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Results: No exceptions were found as a result of applying the above procedure.

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

Results: No exceptions were found as a result of applying the above procedure.

ix. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: No exceptions were found as a result of applying the procedure.

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

Results: Exception noted – the Board only met 4 out of the 6 times as required by the School's Bylaws.

ii. Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the School's collections during the fiscal period.

Results: No exceptions were found as a result of applying the procedure.

iii. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions were found as a result of applying the procedure.

3) Bank Reconciliations

A. Obtain a listing of School bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the School's main operating account. Select the School's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Results: No exceptions were found as a result of applying the procedure.

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Results: Exceptions noted – two (2) out of two (2) bank reconciliations tested were not prepared within 2 months of the related statement closing date.

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: No exceptions were found as a result of applying the procedure.

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: Exception noted – management did not research reconciling items that have been outstanding for more than 12 months from the statement closing date.

4) Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Results: No exceptions were found as a result of applying the procedure.

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

Results: No exceptions were found as a result of applying the procedure.

i. Employees responsible for cash collections do not share cash drawers/registers;

Results: No exceptions were found as a result of applying the procedure.

ii. Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

Results: No exceptions were found as a result of applying the procedure.

iii. Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

Results: No exceptions were found as a result of applying the procedure.

iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

Results: No exceptions were found as a result of applying the procedure.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Results: No exceptions were found as a result of applying the procedure.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

i. Observe that receipts are sequentially pre-numbered.

Results: No exceptions were found as a result of applying the procedure.

ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Results: No exceptions were found as a result of applying the procedure.

iii. Trace the deposit slip total to the actual deposit per the bank statement.

Results: No exceptions were found as a result of applying the procedure.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

Results: No exceptions were found as a result of applying the procedure.

v. Trace the actual deposit per the bank statement to the general ledger.

Results: No exceptions were found as a result of applying the procedure.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

   Results: No exceptions were found as a result of applying the procedure.

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

   i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

      Results: No exceptions were found as a result of applying the procedure.

   ii. At least two employees are involved in processing and approving payments to vendors;

      Results: No exceptions were found as a result of applying the procedure.

   iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

      Results: No exceptions were found as a result of applying the procedure.

   iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

      Results: Exception noted – job duties are not properly segregated as the employee who mails checks is also responsible for processing payments.

   v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

      Results: No exceptions were found as a result of applying the procedure.

C. For each location selected under procedure #5A above, obtain the School's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

   Results: No exceptions were found as a result of applying the procedure.

   i. Observe that the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the School, and

      Results: No exceptions were found as a result of applying the procedure.

   ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, as applicable.

      Results: No exceptions were found as a result of applying the procedure.

D. Using the School's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the School's policy, and (b) approved by the required number of authorized signers per the School's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

   Results: No exceptions were found as a result of applying the procedure.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

   Results: No exceptions were found as a result of applying the procedure.

B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

Results: No exceptions were found as a result of applying the procedure.

ii. Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions were found as a result of applying the procedure.

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions were found as a result of applying the procedure.

7) *Travel and Travel-Related Expense Reimbursements (excluding card transactions)*

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

Results: No exceptions were found as a result of applying the procedure.

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

Results: No exceptions were found as a result of applying the procedure.

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

Results: No exceptions were found as a result of applying the procedure.

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

Results: No exceptions were found as a result of applying the procedure.

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the procedure.

8) Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

Results: No exceptions were found as a result of applying the procedure.

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

Results: No exceptions were found as a result of applying the procedure.

ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

Results: No exceptions were found as a result of applying the procedure.

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

Results: No exceptions were found as a result of applying the procedure.

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were found as a result of applying the procedure.

9) Payroll and Personnel

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

   Results: No exceptions were found as a result of applying the procedure.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

   i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

      Results: No exceptions were found as a result of applying the procedure.

   ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

      Results: No exceptions were found as a result of applying the procedure.

   iii. Observe that any leave accrued or taken during the pay period is reflected in the School's cumulative leave records; and

      Results: No exceptions were found as a result of applying the procedure.

   iv. Observe that the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

      Results: No exceptions were found as a result of applying the procedure.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the School's policy on termination payments. Agree the hours to the employee's or official's cumulate leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to School policy.

   Results: No exceptions were found as a result of applying the procedure.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

   Results: No exceptions were found as a result of applying the procedure.

10) Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the School reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the School is domiciled as required by R.S. 24:523.

   Results: No exceptions were found as a result of applying the procedure.

B. Observe that the School has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

   Results: No exceptions were found as a result of applying the procedure.

11) Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

   i. Obtain and inspect the School's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

      Results: We performed the procedure and discussed the results with management.

   ii. Obtain and inspect the School's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

      Results: We performed the procedure and discussed the results with management.

iii. Obtain a listing of the School's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedure and discussed the results with management.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

Results: No exceptions were found as a result of applying the procedure.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Carr, Riggs & Ingram, L.L.C.

Metairie, Louisiana
January 19, 2024

January 15, 2024

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures
Collegiate Academies

Dear Sirs:

Collegiate Academies will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,

Justin Pickel, Chief Operating Officer