

**LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana**

Consolidated Financial Report

Year Ended June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Lycée Francais De La Nouvelle-Orléans
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Lycée Francais De La Nouvelle-Orléans (a nonprofit organization), 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 the consolidated financial statements.

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

Basis for Opinion

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

Change in Accounting Principle – ASU No. 2016-02, Leases (Topic 842)

As described in Note 10 of the notes to the consolidated financial statements, Lycée Francais De La Nouvelle-Orléans adopted new accounting guidance ASC No. 2016-02, *Leases*. Our opinion is not modified with respect to this matter.

Correction of Errors

As described in Note 18 of the notes to the consolidated financial statements, management identified certain errors which resulted in the misstatement of account receivable and accrued liabilities balances at the consolidated and company financial statement level at June 30, 2022. The Organization has restated the beginning accounts receivable, accrued liabilities balances, and net assets without donor restrictions to correct these misstatements at June 30, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lycée Francais De La Nouvelle-Orléans's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lycée Francais De La Nouvelle-Orléans’s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating statement of financial position on page 22, consolidating statement of activities on pages 23 to 24 and the 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* on pages 31 to 32 , are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating statement of financial position, consolidating statement of activities and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2024, on our consideration of Lycée Francais De La Nouvelle-Orléans’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lycée Francais De La Nouvelle-Orléans’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lycée Francais De La Nouvelle-Orléans’s internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
May 2, 2024

FINANCIAL STATEMENTS

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Consolidated Statement of Financial Position
June 30, 2023

ASSETS	
Current assets:	
Cash	\$ 1,584,764
Accounts receivable	13
Grants receivable - due from government agencies	912,086
Prepaid expenses	144,994
Promises to give for short-term purposes, net	<u>47,922</u>
Total current assets	<u>2,689,779</u>
Noncurrent assets:	
Leases receivable	329,327
Cash restricted for long-term purposes	81,400
Property & equipment, net	18,493,970
Right of Use Asset - Facilities, Net	<u>6,175,082</u>
Total noncurrent assets	<u>25,079,779</u>
Total assets	<u>\$ 27,769,558</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable and accrued expenses	\$ 1,699,198
Line of credit	3,088,491
Notes payable	87,294
Lease liabilities	<u>594,159</u>
Total current liabilities	<u>5,469,142</u>
Noncurrent liabilities:	
Notes payable	8,682,206
Lease liabilities	<u>6,158,511</u>
Total noncurrent liabilities	<u>14,840,717</u>
Total liabilities	<u>20,309,859</u>
Net assets:	
Without donor restrictions	6,923,803
With donor restrictions	<u>535,896</u>
Total net assets	<u>7,459,699</u>
Total liabilities and net assets	<u>\$ 27,769,558</u>

The accompanying notes are an integral part of the basic financial statements.

LYCÉE FRANÇAIS DE LA
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Consolidated Statement of Activities
For the Year Ended June 30, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues and support:			
Federal grants	\$ 2,369,852	\$ -	\$ 2,369,852
State grants	13,131,229	16,359	13,147,588
Tuition and activity income	212,445	-	212,445
Contributions	160,275	33,968	194,243
Other income	436,595	-	436,595
Net assets released from restrictions	<u>408,659</u>	<u>(408,659)</u>	<u>-</u>
Total revenues and support	<u>16,719,055</u>	<u>(358,332)</u>	<u>16,360,723</u>
Expenses:			
Program services:			
Elementary and kindergarten	4,400,477	-	4,400,477
Prekindergarten	364,706	-	364,706
Highschool	1,010,968	-	1,010,968
Special education	1,132,639	-	1,132,639
Operations and maintenance	2,083,374	-	2,083,374
Extracurricular activities	68,026	-	68,026
Aftercare	136,331	-	136,331
Student services	2,278,096	-	2,278,096
Other program services	<u>388,549</u>	<u>-</u>	<u>388,549</u>
Total Program services	<u>11,863,166</u>	<u>-</u>	<u>11,863,166</u>
Supporting services			
Administrative	5,763,829		5,763,829
Fundraising	<u>192,485</u>	<u>-</u>	<u>192,485</u>
Total Supporting services	<u>5,956,314</u>	<u>-</u>	<u>5,956,314</u>
Total expenses	<u>17,819,480</u>	<u>-</u>	<u>17,819,480</u>
Change in net assets	(1,100,425)	(358,332)	(1,458,757)
Net assets, beginning of year, restated	<u>8,024,228</u>	<u>894,228</u>	<u>8,918,456</u>
Net assets, end of year	<u>\$ 6,923,803</u>	<u>\$ 535,896</u>	<u>\$ 7,459,699</u>

The accompanying notes are an integral part of the basic financial statements.

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Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Support Services		Total
		Administrative Expenses	Fundraising Expenses	
Expenses:				
Salaries	\$ 7,166,602	\$ 1,960,572	\$ 76,800	\$ 9,203,974
Employee benefits	1,150,656	356,853	5,874	1,513,383
Travel	5,350	22,469	-	27,819
School food services	343,338	5,532	-	348,870
Student transportation services	662,708	-	-	662,708
Materials and supplies	187,486	201,717	-	389,203
Dues and fees	-	146,750	-	146,750
Occupancy	486,988	106,821	-	593,809
Professional and technical services	268,973	1,533,150	41,041	1,843,164
Depreciation	754,492	-	-	754,492
Amortization of right to use asset	753,663	-	-	753,663
Interest	-	849,371	-	849,371
Taxes and licenses	-	352,291	-	352,291
Miscellaneous	82,910	228,303	68,770	379,983
Totals	<u>\$ 11,863,166</u>	<u>\$ 5,763,829</u>	<u>\$ 192,485</u>	<u>\$ 17,819,480</u>

The accompanying notes are an integral part of the basic financial statements.

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Consolidated Statement of Cash Flows
For the Year Ended June 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ (1,458,757)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	754,492
Amortization of right to use asset	753,663
Bad debt expense	81,180
Changes in operating assets and liabilities	
Accounts receivable	982
Promises to give	16,368
Lease receivable	(329,327)
Grants receivable	(521,509)
Prepaid expenses	(78,586)
Accounts payable and accrued expenses	<u>(1,520,893)</u>
Net cash used by operating activities	<u>(2,302,387)</u>
Cash flows from investing activities:	
Purchases of property and equipment	<u>(98,307)</u>
Cash flows from financing activities:	
Principal payments on lease liabilities	(374,536)
Principal payments on notes payable	(88,170)
Principal payments on line of credit	<u>(50,096)</u>
Net cash used by financing activities	<u>(512,802)</u>
Net change in cash	(2,913,496)
Cash, beginning of year	<u>4,579,660</u>
Cash, end of year	<u>\$ 1,666,164</u>
Reconciliation to Statements of Financial Position	
Cash	\$ 1,584,764
Cash restricted for long-term purposes	<u>81,400</u>
Total cash and restricted cash	<u>\$ 1,666,164</u>
Supplemental disclosure of cash flow information	
Interest paid	<u>\$ 430,824</u>

The accompanying notes are an integral part of the basic financial statements.

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Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies

A. Nature of Organization and Operations

Lycée Français De La Nouvelle-Orléans. (LFNO) was established as an educational institution organized to provide a premier academic and multicultural environment geared to inspire students to their fullest potential. LFNO began operations during the 2011-2012 school year and currently offers classes in pre-K4 through twelfth grade using a French national curriculum. LFNO was granted a Type 2 charter by the Louisiana Board of Elementary and Secondary (BESE) effective June 30, 2011 and received a six-year renewal from BESE effective June 30, 2023.

During the year ending June 30, 2018 Amis du Lycée Français (Amis) was organized as a supporting foundation to assist the school with fundraising.

During the year ending June 30, 2020, 1601 Leonidas, LLC (Leonidas) was organized, with LFNO as the single member of the LLC, to manage the rehabilitation and redevelopment of a historic site located at 1601 Leonidas Street in New Orleans, Louisiana. On July 1, 2020 LFNO transferred its membership interest in Leonidas to 1601 Leonidas Managing Member, Inc. (1601 Managing Member).

The consolidated financial statements include the accounts of LFNO, Amis and 1601 Leonidas (collectively, the Organization) due to LFNO holding a controlling financial interest in both Amis and 1601 Leonidas. All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

B. Financial Statement Presentation

The Organization reports information regarding its consolidated financial position and activities according to two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions.

The accompanying 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.

C. Revenue and Revenue Recognition

The Organization receives support primarily from the Louisiana State Department of Education Minimum Foundation program. Approximately 78% of the school's funding is received from this program. Other public support is received from the U.S. Department of Education.

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Notes to Financial Statements

Contributions of donated noncash assets are recorded at their fair values in the period received. Donated materials are valued at current market value at the time of donation. All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the donor-imposed time or purpose restriction. Contributions with donor restrictions, for which the restriction is met in the same year, are classified as net assets without donor restrictions.

Tuition and activity income include student tuition to attend the pre-K4 program, and summer camp as well as fees related to the after-school care program. Tuition and activity fees received for participation in the following academic year are recorded as deferred revenue and recognized as revenue in the subsequent academic year.

D. Contributed Services

The Organization receives services donated by parents and community members in carrying out its mission. However, these contributed services do not meet the recognition criteria as outlined by U.S. GAAP and are not included in the consolidated financial statements.

E. Net Assets

The net assets of the Organization and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – Net Assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by the actions of the school or by the passage of time.

Net Assets without Donor Restrictions – Net Assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the school. These net assets may be used at the discretion of the school's management and board of directors.

F. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

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Notes to Financial Statements

G. Receivables

Grants and other receivables are stated at the amount management expects to collect in the future. Management provides for uncollectible amounts through a provision for bad debt expenses and an adjustment to a valuation allowance based on its assessment of the current collectability of individual account balances. Account balances that are still outstanding after management has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable balance.

H. Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using the present value techniques and risk-adjusted discount rates. In subsequent years, amortization of the discount is included in contribution revenue in the statement of activities.

I. Fixed Assets

Fixed assets are recorded at historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. It is the school's policy to capitalize fixed assets valued at \$5,000 or more. Fixed assets are being depreciated over their estimated useful lives using the straight-line method. The range of estimated useful lives is as follows:

Buildings and improvements	30 years
Furniture, fixtures and equipment	7-10 years
Leasehold improvements	5-7 years

The carrying value of fixed assets is reviewed by management whenever events or circumstances indicate that the carrying value may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When a fixed asset is considered to be impaired by management, an impairment loss is recognized to the extent that the carrying value of the fixed asset exceeds its fair value. Management has noted no indications that the Organization's fixed assets are impaired during the year ended June 30, 2023.

J. Compensated Absences

All 12-month faculty and staff earn fifteen days or one hundred twenty hours of paid time off while all 10-month faculty earn ten days or eighty hours of paid time off each year. Paid time off can be used throughout the year, with the permission of a supervisor, for time off due to illness, emergencies, and other personnel reasons. Any unapproved days off are considered unpaid leave which may result in disciplinary

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Notes to Financial Statements

actions up to and including termination. At the time of separation, employees are paid for all earned unused paid time off and any unearned paid time off used is deducted from the employee's final paycheck.

K. Leases

Management applies judgement when determining whether a contract contains a lease and whether a lease is classified as operating or financing. The Organization defines the lease term as the non-cancellable term which may include options to extend and/or terminate when it is reasonably certain management will exercise these options. The lease term is used in determining classification between operating and financing leases, calculating the lease liability, and determining the incremental borrowing rate. Management also applies judgement in allocating the consideration in a contract between the lease and non-lease components and determining the Organization's incremental borrowing rate used to discount lease payments. Judgement is also used to determine the incremental borrowing rate of each lease by estimating the credit rating of the Organization at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

L. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to program services and support services.

M. Income Taxes

LFNO and Amis are organized as nonprofit organizations that are exempt from income taxes under the provisions of the Internal Revenue Service Code Section 501(c)(3) as well as Louisiana Revised Statutes. No provisions have been made in the financial statements for federal or state income taxes. 1601 Leonidas, LLC is organized as a low profit limited liability company subject to Internal Revenue Service Code Section 170(c)(2)(b) and Louisiana Act 417 of 2010.

The Organization applies the "more-likely-than-not" recognition threshold for all tax uncertainties. This approach allows for the recognition of tax benefits that have a greater than fifty percent likelihood of being sustained upon examination by the tax authorities. Management has reviewed the Organization tax positions and determined there were no outstanding or retroactive tax positions with less than a fifty percent likelihood of being sustained upon examination by the taxing authorities.

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Notes to Financial Statements

N. Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Interest-Bearing Deposits

At June 30, 2023, the Organization had cash and interest-bearing deposits (book balances) totaling \$1,666,164. These deposits are stated at cost, which approximates market. Deposit balances (bank balances) at June 30, 2023 totaled \$1,692,988. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each financial institution. Total uninsured cash balances at June 30, 2023 were \$1,192,988 and therefore were exposed to custodial credit risk; however these deposits were collateralized with securities held by the pledging bank and not in the school's name.

3. Grants Receivable

Grants receivable consisted of the following at June 30, 2023:

United States Department of Education:	
IDEA Part B	\$ 102,231
ESSER	71,084
Title I	88,174
School Food Services	53,926
Other	70,916
Louisiana Department of Education	
Minimum Foundation Program	<u>525,755</u>
	<u>\$ 912,086</u>

Grant receivables were considered to be fully collectible by management. Accordingly, no allowance for doubtful accounts is required at June 30, 2023.

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Notes to Financial Statements

4. Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2023.

Within one year	\$ 67,084
Less allowance for uncollectible promises to give	(19,162)
	\$ 47,922

5. Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows at June 30, 2023:

Priestly campus development - time and purpose restrictions	\$ 497,869
Library - time and purpose restrictions	18,000
General programs - time and purpose restrictions	20,027
	\$ 535,896

6. Property & Equipment

A summary of fixed assets is as follows:

Land	\$ 360,000
Buildings and improvements	51,490
Leasehold improvements	19,208,232
Furniture, fixtures, and equipment	741,504
Total property & equipment	20,361,226
Less: accumulated depreciation	(1,867,256)
Property & equipment, net	\$ 18,493,970

Depreciation expense and amortization of right to use assets for the year ended June 30, 2023 was \$754,492, and \$753,663, respectively.

7. State Tax Credits for the Qualified Rehabilitation Costs of a Historical Structure

During the year ended June 30, 2021, the Organization executed a Louisiana historic rehabilitation tax credit purchase agreement with Enhanced Capital Consulting, Inc. (Enhanced Capital) to provide funding for the rehabilitation of a historical structure located at 1601 Leonidas Street, New Orleans, Louisiana (Project). Under LA R.S. 47:6019 *Tax Credit; Rehabilitation of Historic Structures*, the Organization is entitled to receive tax credits against Louisiana income and corporation franchise taxes of twenty percent of the total eligible rehabilitation costs of the Project. Under the rehabilitation tax credit purchase agreement, Enhanced Capital has agreed to purchase one

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Notes to Financial Statements

hundred percent of the tax credits generated by the Project as determined by the Louisiana Department of Revenue (LDR). The Project was completed in December 2021 and the final costs certifications were submitted to the LDR for confirmation in October 2022. In December 2023, tax credit sales proceeds of \$1,678,121 were received from Enhanced Capital and applied to the Organization's outstanding line of credit balance.

8. Line of Credit

During the year ended June 30, 2021, the Organization entered into a non-revolving line of credit agreement with a local financial institution to finance the construction, rehabilitation, and development of a new school campus located at 1601 Leonidas Street in New Orleans, Louisiana. The non-revolving line of credit allows the Organization to borrow up to the total aggregate principal amount of \$3,138,586 and bears annual interest of 1.25% over the prime lending rate as published in the Wall Street Journal. The loan is secured by substantially all assets of the Organization with accrued monthly interest only payments becoming due beginning September 1, 2020 through the principal maturity date of June 30, 2024. The principal balance due on the line of credit was \$3,088,491 at June 30, 2023.

9. Note Payable

During the year ending June 30, 2021, the Organization entered into a construction loan agreement with an independent third-party lender to finance the construction, rehabilitation, and development of a new school campus located at 1601 Leonidas Street, New Orleans, Louisiana. The lender agreed to provide a loan in an aggregate principal amount of \$9,475,970 and defer interest on the loan through September 2021. The loan is secured by all property, rights, interests, and privileges subject to the liens granted to the lender, or any security of the trustee, 1601 Leonidas, LLC. The loan matures on the first day of the month following the date that is sixty-one months after the new school campus was placed into service on December 2021. At June 30, 2023, the balance of the loan was \$8,769,500.

The annual debt service requirements of the note payable are as follows:

Year Ending June 30,	Principal payments	Interest payments	Total
2024	\$ 87,294	\$ 243,859	\$ 331,153
2025	86,425	328,340	414,765
2026	85,565	411,826	497,391
2027	8,510,216	253,490	8,763,706
	<u>\$ 8,769,500</u>	<u>\$ 1,237,515</u>	<u>\$ 10,007,015</u>

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Notes to Financial Statements

10. Lease Commitments

Lease agreements are summarized below:

In July 2018 and 2020, respectively, the Organization entered into two lease agreements with the Orleans Parish School Board (OPSB) for the use of school property and facilities located at 1800 Monroe Street and 1607 S. Carrollton Avenue in New Orleans, Louisiana. Both lease agreements were renewed through June 30, 2023. Under both lease agreements, the Organization agrees to pay OPSB a Use Fee and participate in OPSB's Per Pupil Unit Cost Program (Unit Cost Program). The Use Fee is determined by the per pupil share of the actual costs of the property, boiler, and machinery, terrorism, disaster management and flood insurance for all OPSB controlled school facilities participating in the Unit Cost Program, including any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional leasing relationship. The properties and facilities are not owned by the Organization and are not included in the Organization's property and equipment at June 30, 2023.

In July 2017 the Organization entered into a lease agreement with a third-party for the use of school property and facilities located at 5951 Patton Street in New Orleans, Louisiana. The lease term is for a ten-year period beginning July 2017 through June 2027. The lease also provides for five percent annual increases to the annual lease payment beginning in July 2018. The Organization has the right to renew the term of the lease for one additional five-year term under the same terms and conditions in effect at the time the option to renew is exercised. The monthly lease payment during the renewal term will continue to increase annually by five percent over the prior year's lease payment for each year during the renewal term.

Adoption of ASU No. 2016-02, *Leases* (Topic 842)

Management elected to adopt ASC No. 2016-02 *Leases* (Topic 842) effective July 1, 2022. The new lease standard established a right-of-use (ROU) model which requires the lessee to record a ROU asset and a corresponding lease liability on the balance sheet for all leases with a term longer than twelve months. Leases are classified as either finance or operating, with the classification affecting the pattern of expense recognition over the life of the lease. Leases with a term of less than twelve months are excluded from the requirements of Topic 842.

When adopting Topic 842, management elected to use the optional transition method to initially apply the new lease standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. Management also elected to adopt the package of practical expedients available under the transition guidance as follows.

LYCÉE FRANÇAIS DE LA
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Notes to Financial Statements

- Relief from determination of lease contracts included in existing or expiring leases at the time of adoption.
- Relief from having to reevaluate the classification of leases in effect at the time of adoption.
- Relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract.
- Use of hindsight to determine the lease term and assess the impairment of the right-of-use assets.

Additional information about the Organization’s leases for the year ended June 30, 2023 is as follows.

Operating lease cost	<u>\$ 793,083</u>
Cash paid for amounts in lease liabilities	\$ 793,083
Operating cash flows from operating leases	\$ 793,083
Right-of-use assets obtained in exchange for new operating lease liabilities	\$6,928,745
Weighted-average remaining lease term- operating leases	8.41 years
Weighted-average discount rate- operating leases	6.00%

The maturities of lease liabilities as of June 30, 2023 are as follows:

Year Ended June 30	Principal	Interest	Total
2024	\$ 594,159	\$ 390,512	\$ 984,671
2025	804,566	348,366	1,152,932
2026	933,209	295,976	1,229,185
2027	1,027,882	237,411	1,265,293
2028	694,373	184,813	879,186
Thereafter	2,698,481	281,556	2,980,037
	\$ 6,752,670	\$ 1,738,634	\$ 8,491,304

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

11. Defined Contribution Retirement Plan

The Organization sponsors a defined contribution plan (the Plan) for its employees that was originally adopted in July 2011. The Plan covers all employees of the Organization who are at least twenty-one years of age, and who have completed one year of continuous service working a minimum of one thousand hours during the year. The Organization matches one hundred percent of the employee's first five percent of contributions. The Organization funded matching contributions to the Plan of \$227,155 which is included as program services expense in the consolidated statement of activities.

12. Schedule of Compensation, Benefits and Other Payments to Director

A detail of compensation, benefits, and other payments made to Dr. Chase McLaurin, Superintendent, for the year ended June 30, 2023 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 151,250
Benefits - medicare	11,929
Benefits - insurance	<u>1,705</u>
	<u>\$ 164,884</u>

13. Related Party Lease Commitment

Lycée Francais De La Nouvelle-Orléans entered into an operating property lease with 1601 Leonidas, LLC, a related party, in July 2020, for the use of a restored historic building located at 1601 Leonidas, New Orleans, Louisiana. The lease payments began in December 2021 and terminate ten years from commencement date.

The future minimum lease payments due under this lease agreement are as follows.

<u>Year Ended June 30</u>	
2024	\$ 636,246
2025	787,086
2026	845,046
2027	861,948
2028	879,186
Thereafter	<u>2,980,041</u>
	<u>\$ 6,989,553</u>

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Financial Statements

Rental expense and income of approximately \$461,250 recorded by the entities mentioned above have been eliminated in the consolidated financial statements of the Organization.

14. Contingencies

Financial awards from federal, state, and local governmental entities in the form of grants are subject to audit and review by the entities providing the funding. Such audits and reviews could result in expenses being disallowed under the terms and conditions of the grants. Management is not aware of any disallowances related to grants as of June 30, 2023. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

15. Litigation

There was no litigation pending against the Organization. as of June 30, 2023.

16. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>2023</u>
Cash	\$ 1,584,764
Accounts receivable	13
Grants receivable - due from government agencies	912,086
Promises to give current, net	<u>47,922</u>
Total financial assets	2,544,785
Less amounts not available within one year to be used for general expenditures	
Net assets with donor restrictions	<u>535,896</u>
Financial assets available for general expenditures within one year	<u>\$2,008,889</u>

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

LYCÉE FRANÇAIS DE LA
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Notes to Financial Statements

17. Evaluation of Subsequent Events

Management of the Organization has evaluated subsequent events through May 2, 2024, the date these financial statements were available for release.

18. Prior Period Restatement – Correction of an Error

During the year ending June 30, 2023, management determined that various accounts receivable and accrued liability balances recorded in the consolidated and Lycée financial statements were misstated in the prior year. The transactions recorded in the accounts receivable and accrued liability accounts were not intercompany in nature and were not eliminated in the consolidation process. Management determined that accounts receivable balances were overstated by \$119,970 while various liability balances were overstated by \$224,358, resulting in net assets being understated by \$104,388 at June 30, 2022.

	<u>Consolidated</u>	<u>Lycée</u>
July 1, 2022 net assets as reported	\$ 8,814,068	\$ 7,936,019
Prior period adjustments, correction of an error:		
Accounts receivable	(119,970)	(119,970)
Accrued liabilities	<u>224,358</u>	<u>224,358</u>
July 1, 2022 net assets, as restated	<u>\$ 8,918,456</u>	<u>\$ 8,040,407</u>

SUPPLEMENTAL SCHEDULES

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Consolidating Statement of Financial Position
June 30, 2023

	Lycée Français de la Nouvelle- Orléans	Amis du Lycée Français	1601 Leonidas, LLC	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash	\$ 1,450,671	\$ 111,232	\$ 22,861	\$ -	\$ 1,584,764
Accounts receivable	-	-	13	-	13
Grants receivable - due from government agencies	912,086	-	-	-	912,086
Prepaid expenses	34,595	-	110,399	-	144,994
Promises to give for short-term purposes, net	-	47,922	-	-	47,922
Due from related parties	-	250,570	-	(250,570)	-
Total current assets	<u>2,397,352</u>	<u>409,724</u>	<u>133,273</u>	<u>(250,570)</u>	<u>2,689,779</u>
Noncurrent assets:					
Leases receivable	-	-	329,327	-	329,327
Cash restricted for long-term purposes	-	-	81,400	-	81,400
Property & equipment, net	224,436	-	18,269,534	-	18,493,970
Right of Use Asset - Facilities, Net	6,175,082	-	-	-	6,175,082
Investment in 1601 Leonidas, LLC	6,980,971	-	-	(6,980,971)	-
Total noncurrent assets	<u>13,380,489</u>	<u>-</u>	<u>18,680,261</u>	<u>(6,980,971)</u>	<u>25,079,779</u>
Total assets	<u>\$ 15,777,841</u>	<u>\$ 409,724</u>	<u>\$ 18,813,534</u>	<u>\$ (7,231,541)</u>	<u>\$ 27,769,558</u>
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,343,476	\$ 3,010	\$ 352,712	\$ -	\$ 1,699,198
Due to related parties	250,570	-	-	(250,570)	-
Line of credit	-	-	3,088,491	-	3,088,491
Note payable	-	-	87,294	-	87,294
Lease liabilities	594,159	-	-	-	594,159
Total current liabilities	<u>2,188,205</u>	<u>3,010</u>	<u>3,528,497</u>	<u>(250,570)</u>	<u>5,469,142</u>
Noncurrent liabilities:					
Note payable	-	-	8,682,206	-	8,682,206
Lease liabilities	6,158,511	-	-	-	6,158,511
Total noncurrent liabilities	<u>6,158,511</u>	<u>-</u>	<u>8,682,206</u>	<u>-</u>	<u>14,840,717</u>
Total liabilities	<u>8,346,716</u>	<u>3,010</u>	<u>12,210,703</u>	<u>(250,570)</u>	<u>20,309,859</u>
Net assets:					
Without donor restrictions	7,431,125	(129,182)	6,602,831	(6,980,971)	6,923,803
With donor restrictions	-	535,896	-	-	535,896
Total net assets	<u>7,431,125</u>	<u>406,714</u>	<u>6,602,831</u>	<u>(6,980,971)</u>	<u>7,459,699</u>
Total liabilities and net assets	<u>\$ 15,777,841</u>	<u>\$ 409,724</u>	<u>\$ 18,813,534</u>	<u>\$ (7,231,541)</u>	<u>\$ 27,769,558</u>

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Consolidating Statement of Activities
For the Year Ended June 30, 2023

	<u>Lycée Français de la Nouvelle-Orléans</u>			<u>Amis du Lycée Français</u>		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues and support:						
Federal grants	\$ 2,369,852	\$ -	\$ 2,369,852	\$ -	\$ -	\$ -
State grants	13,131,229	16,359	13,147,588	-	-	-
Tuition and activity income	212,445	-	212,445	-	-	-
Contributions	112,552	-	112,552	47,723	33,968	81,691
Other income	97,575	-	97,575	9,693	-	9,693
Net assets released from restrictions	<u>321,359</u>	<u>(321,359)</u>	<u>-</u>	<u>87,300</u>	<u>(87,300)</u>	<u>-</u>
Total revenues and support	<u>16,245,012</u>	<u>(305,000)</u>	<u>15,940,012</u>	<u>144,716</u>	<u>(53,332)</u>	<u>91,384</u>
Expenses:						
Program services:						
Elementary and kindergarten	4,400,477	-	4,400,477	-	-	-
Prekindergarten	364,706	-	364,706	-	-	-
Highschool	1,010,968	-	1,010,968	-	-	-
Special education	1,132,639	-	1,132,639	-	-	-
Operations and maintenance	1,765,525	-	1,765,525	-	-	-
Extracurricular activities	68,026	-	68,026	-	-	-
Aftercare	136,331	-	136,331	-	-	-
Student Services	2,278,096	-	2,278,096	-	-	-
Other program services	<u>388,549</u>	<u>-</u>	<u>388,549</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Program Services	11,545,317	-	11,545,317	-	-	-
Support services	<u>5,003,977</u>	<u>-</u>	<u>5,003,977</u>	<u>192,485</u>	<u>-</u>	<u>192,485</u>
Total expenses	<u>16,549,294</u>	<u>-</u>	<u>16,549,294</u>	<u>192,485</u>	<u>-</u>	<u>192,485</u>
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	(304,282)	(305,000)	(609,282)	(47,769)	(53,332)	(101,101)
Net assets, beginning of year, restated	<u>7,735,407</u>	<u>305,000</u>	<u>8,040,407</u>	<u>(81,413)</u>	<u>589,228</u>	<u>507,815</u>
Net assets, end of year	<u>\$ 7,431,125</u>	<u>\$ -</u>	<u>\$ 7,431,125</u>	<u>\$ (129,182)</u>	<u>\$ 535,896</u>	<u>\$ 406,714</u>

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Consolidating Statement of Activities
For the Year Ended June 30, 2023

1601 Leonidas, LLC

	Without donor restrictions	With donor restrictions	Total	Eliminations	Consolidated Total
Revenues and support:					
Federal grants	\$ -	\$ -	\$ -	\$ -	\$ 2,369,852
State grants	-	-	-	-	13,147,588
Tuition and activity income	-	-	-	-	212,445
Contributions	-	-	-	-	194,243
Other income	790,577	-	790,577	(461,250)	436,595
Net assets released from restrictions	-	-	-	-	-
Total revenues and support	<u>790,577</u>	<u>-</u>	<u>790,577</u>	<u>(461,250)</u>	<u>16,360,723</u>
Expenses:					
Program services:					
Elementary and kindergarten	-	-	-	-	4,400,477
Prekindergarten	-	-	-	-	364,706
Highschool	-	-	-	-	1,010,968
Special education	-	-	-	-	1,132,639
Operations and maintenance	779,099	-	779,099	(461,250)	2,083,374
Extracurricular activities	-	-	-	-	68,026
Aftercare	-	-	-	-	136,331
Student Services	-	-	-	-	2,278,096
Other program services	-	-	-	-	388,549
	<u>779,099</u>	<u>-</u>	<u>779,099</u>	<u>(461,250)</u>	<u>11,863,166</u>
Support services	<u>759,852</u>	<u>-</u>	<u>759,852</u>	<u>-</u>	<u>5,956,314</u>
Total expenses	<u>1,538,951</u>	<u>-</u>	<u>1,538,951</u>	<u>(461,250)</u>	<u>17,819,480</u>
Capital contributions	<u>1,913,330</u>	<u>-</u>	<u>1,913,330</u>	<u>(1,913,330)</u>	<u>-</u>
Change in net assets	1,164,956	-	1,164,956	(1,913,330)	(1,458,757)
Net assets, beginning of year, restated	<u>5,437,875</u>	<u>-</u>	<u>5,437,875</u>	<u>(5,067,641)</u>	<u>8,918,456</u>
Net assets, end of year	<u>\$ 6,602,831</u>	<u>\$ -</u>	<u>\$ 6,602,831</u>	<u>\$(6,980,971)</u>	<u>\$ 7,459,699</u>

**INTERNAL CONTROL,
COMPLIANCE
AND
OTHER MATTERS**

KOLDER, SLAVEN & COMPANY, LLC

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

To the Members of the Board of Directors
Lycée Francais De La Nouvelle-Orléans
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 Lycée Francais De La Nouvelle-Orléans (a nonprofit organization), 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 the financial statements, and have issued our report thereon dated May 2, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lycée Francais De La Nouvelle-Orléans's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lycée Francais De La Nouvelle-Orléans's internal control. Accordingly, we do not express an opinion on the effectiveness of Lycée Francais De La Nouvelle-Orléans's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lycée Francais De La Nouvelle-Orléans's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of current and prior year audit findings as item 2023-001.

Lycée Francais De La Nouvelle-Orléans' Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on Lycée Francais De La Nouvelle-Orléans's response to the findings and questioned costs. Lycée Francais De La Nouvelle-Orléans's response was not subjected to the other auditing procedures applied in the audit of the 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
May 2, 2024

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of the Board of Directors
Lycée Francais De La Nouvelle-Orléans
New Orleans, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lycée Francais De La Nouvelle-Orléans’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Lycée Francais De La Nouvelle-Orléans’s major federal program for the year ended June 30, 2023. Lycée Francais De La Nouvelle-Orléans’s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lycée Francais De La Nouvelle-Orléans complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program 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 Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lycée Francais De La Nouvelle-Orléans 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 Lycée Francais De La Nouvelle-Orléans’s 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 Lycée Francais De La Nouvelle-Orléans's federal programs.

Auditor's 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 Lycée Francais De La Nouvelle-Orléans's 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 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 Lycée Francais De La Nouvelle-Orléans's compliance with the requirements of the 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 Lycée Francais De La Nouvelle-Orléans's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lycée Francais De La Nouvelle-Orléans's 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 Lycée Francais De La Nouvelle-Orléans's 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.

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 Auditor's 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 testing 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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
May 2, 2024

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS

New Orleans, Louisiana
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
<u>United States Department of Agriculture-</u>				
Passed through Louisiana Department of Education:				
<u>Child Nutrition Cluster</u>				
National School Lunch Program	10.555	N/A	\$ 250,890	\$ -
Total for Child Nutrition Cluster			<u>250,890</u>	<u>-</u>
Total United States Department of Agriculture			<u>250,890</u>	<u>-</u>
<u>United States Department of Education-</u>				
Passed through Louisiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010A	28-23-T1-L1	\$ 361,984	
Direct Student Services - Grants to Local Education Agencies	84.010A	28-23-DSS-L1	<u>16,035</u>	
Total for Title I - Assistance listing number 84.010			378,019	-
Title II - Part A, Teacher & Principal Training & Recruiting	84.367	28-23-50-L1	26,250	-
Title III - Immigrant	84.365	28-23-S3-L1	14,747	-
<u>Special Education Cluster</u>				
Special Education, IDEA Part B	84.027A	28-23-B1-L1	298,410	
Special Education, HCS RND 1 MFP	84.027S	27-23-RJ-L1	36,285	
Special Education, HCS RND 2	84.027S	28-23-IA11-L1	17,405	
Special Education, IDEA 611 ARP	84.027X	28-22-IA11-L1	<u>52,735</u>	
Total for Special Education Grants - Assistance listing number 84.027			404,835	-
Special Education, Preschool Grants	84.173A	28-23-P1-L1	<u>1,900</u>	-
Total for Special Education Cluster			<u>406,735</u>	<u>-</u>
COVID - ESSER II Formula	84.425D	28-21-ES2F-L1	451,502	
COVID - ESSER II Incentive	84.425D	28-21-ES2I-L1	76,705	
COVID - ESSER III Formula	84.425D	28-21-ES3F-L2	374,074	
COVID - ESSER III Incentive	84.425D	28-21-ES3I-L2	52,903	
COVID - ESSER III EB Interventions	84.425D	28-21-ESEB-L1	61,140	
COVID - ESF Homeless ARP	84.425W	28-22-HARP-L1	<u>11,250</u>	
Total for Education Stabilization Fund - COVID 19 - Assistance listing number 84.425			1,027,574	-
Total United States Department of Education			<u>1,853,325</u>	<u>-</u>
<u>Department of Health and Human Services</u>				
Passed through the Louisiana Department of Education:				
LDH Safer Smarter Schools	93.323	28-22-LDHA-L1	43,500	-
Total Department of Health and Human Services			<u>43,500</u>	<u>-</u>
<u>Federal Communications Commission</u>				
American Rescue Plan Act of 2021 - Emergency Connectivity Fund	32.009	N/A	222,137	-
Total Federal Communications Commission			<u>222,137</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,369,852</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule

LYCEE FRANCAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

(1) General

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Lycée Francais De La Nouvelle-Orléans under programs of the federal government for the year ended June 30, 2023. 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lycée Francais De La Nouvelle-Orléans, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lycée Francais De La Nouvelle-Orléans.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to Lycée Francais De La Nouvelle-Orléans’s basic financial statements for the year ended June 30, 2023. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

Lycée Francais De La Nouvelle-Orléans has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Part I. Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting

Material weakness(es) identified? _____yes x no

Significant deficiencies identified? _____yes x none reported

Noncompliance material to financial statements noted? _____xyes _____no

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs

Material weakness(es) identified? _____yes x no

Significant deficiencies identified? _____yes x none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____yes x no

Major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425D, 84.425W	Education Stabilization Fund
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee.	_____ Yes <u> x </u> No

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

A. Internal Control Findings –

There are no findings to be reported under this section.

B. Compliance Findings –

See compliance finding 2023-001 on the schedule of current and prior year audit findings and management's corrective action plan.

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

A. Internal Control Findings –

There are no findings to be reported under this section.

B. Compliance Findings –

There are no findings to be reported under this section.

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2023

Part I Current Year Findings and Management Corrective Action Plan:

a. Internal Control Over Financial Reporting

There are no findings to be reported under this section.

b. Compliance and Other Matters

2023-001 Late Audit Report Filing

Fiscal year finding initially occurred: 2023

CONDITION: The Organization failed to comply with LA R.S. 24:513 by not submitting audited financial statements to the Louisiana Legislative Auditor within six months after the fiscal year end.

CRITERIA: LA R.S. 24:513

CAUSE: The Organization failed to maintain adequate accounting records and had difficulty producing records requested during performance of the annual audit.

EFFECT: The Organization is not in compliance with state law.

RECOMMENDATION: The Organization should ensure compliance with LA R.S. 24:513 by producing adequate financial information in a timely manner.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The Organization will strive to work closely with its financial consultants and auditing firm to provide timely and accurate documentation so that the audits required by LA R.S. 24:513 will be submitted in a timely manner.

c. Internal Control Over Compliance – Uniform Guidance

There are no findings to be reported under this section.

Part II. Prior Year Findings

A. Internal Control Over Financial Reporting

2022-001 Internal Control over Financial Statement Preparation of the Consolidated Subsidiary

Fiscal year finding initially occurred: 2021.

LYCÉE FRANCAIS DE LA
NOUVELLE-ORLÈANS
New Orleans, Louisiana

Schedule of Current and Prior Year Audit Findings
And Management's Corrective Action Plan
Year Ended June 30, 2023

CONDITION: During our audit procedures related to the new building addition, we noted that there were building costs not capitalized and the related depreciation expense was not recorded in the general ledger for 1601 Leonidas, LLC. The new building was placed into service in December 2021 and therefore depreciation for six months should have been recorded. As such, upon consolidation, fixed assets were understated at year-end prior to the correction. Also, the intercompany amounts did not reconcile and therefore the consolidation entries were not balanced. Interest related to the note payables was not accrued at year-end.

RECOMMENDATION: We recommend that management review the fixed asset listing, related depreciation, and interest payable to ensure that the amounts are properly recorded on a monthly basis.

CURRENT STATUS: Resolved. Management has developed and implemented policies and procedures and provided staff training to ensure proper financial reporting of the consolidated subsidiary.

B. Compliance and Other Matters

There are no findings to be reported under this section.

C. Internal Control Over Compliance – Uniform Guidance

2022-002 Graduation Rate Cohort Documentation

Fiscal year finding occurred: 2022.

CONDITION: While testing compliance and internal controls with respect to 34 CFR Section 200.19(b), 2 of 5 leavers had exceptions to the required documentation set forth by the Louisiana Administrative Code Title 28, Part LXXXIII, Chapter 6, Section 611. The Organization does not have procedures in place to ensure adequate documentation is maintained to support the removal of students from the cohort.

RECOMMENDATION: The Organization should establish procedures at the program administration level to ensure appropriate documentation is obtained related to removal of students from the cohort in accordance with Louisiana Administrative Code Title 28, Part LXXXIII, Chapter 6, Section 611.

CURRENT STATUS: Resolved. Management has developed and implemented policies and procedures and provided staff training to ensure proper documentation is obtained to support the removal of students from the cohort in accordance with the Louisiana Administrative Code Title 28.

**SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)**

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors of Lycée Francais
De La Nouvelle-Orléans
Louisiana Department of Education
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Lycée Francais De La Nouvelle-Orléans., (LFNO) for the fiscal year ended June 30, 2023, and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with the Louisiana Revised Statute 24:514. The management of LFNO is responsible for its performance and statistical data.

LFNO 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 purpose. The procedures performed may not address all of 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 findings are as follows:

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

1. We selected a sample of 25 transactions and reviewed supporting documentation and observed 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.

There were no exceptions noted.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1 roll books for those classes and observed if the class was properly classified on the schedule.

There were no exceptions noted.

Levels of Public-School Staff (NO SCHEDULE)

3. We obtained 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 expertise, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

There were no exceptions noted.

Public Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained 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 obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

For twenty-four of the twenty-five teachers selected for testing, we were unable to 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).

We were engaged by LFNO 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, 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 LFNO 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 LFNO, as required by Louisiana Revised Statute 24:514., 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
May 2, 2024

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2023

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Source

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 (Formerly Schedule 6) - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Schedule 1

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	\$4,686,796	
Other Instructional Staff Activities	960,972	
Employee Benefits	1,126,522	
Purchased Professional and Technical Services	238,372	
Instructional Materials and Supplies	<u>558,844</u>	
Total Teacher and Student Interaction Activities		\$ 7,571,506

Other Instructional Activities:

Pupil Support Services	791,166	
Less: Equipment for Pupil Support Services	<u>-</u>	
Net Pupil Support Services		791,166

Instructional Staff Services	535,992	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		535,992

School Administration	1,131,241	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>1,131,241</u>

Total General Fund Instructional Expenditures (Total of Column B) \$10,029,905

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes		\$ -
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		<u>-</u>
Total Local Taxation Revenue		<u>\$ -</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property		<u>\$ -</u>
-------------------------------------	--	-------------

State revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax		\$ -
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		<u>-</u>
Total State Revenue in Lieu of Taxes		<u>\$ -</u>

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

LYCÉE FRANÇAIS DE LA
NOUVELLE-ORLÉANS
New Orleans, Louisiana

Schedule 2

Class Size Characteristics
As of October 1, 2022

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0%	-	0%	-	0%	-	0%	-
Elementary Activity Classes	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	0%	-	0%	-	0%	-	0%	-
High Activity Classes	0%	-	0%	-	0%	-	0%	-
Combination	48%	112	23%	53	26%	63	3%	7
Combination Activity Classes	63%	30	14%	7	19%	9	4%	2

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.



LYCÉE FRANÇAIS
DE LA NOUVELLE-ORLÉANS

Lycée Français De La Nouvelle-Orléans respectfully submits the following schedule of current audit findings for the for the year ended June 30, 2023.

Audit conducted by:

Kolder, Slaven & Company, LLC
1428 Metro Dr.
Alexandria, LA 71301

Audit Period: Fiscal year ended June 30, 2023

The finding from the June 30, 2023 schedule of findings and questioned costs are discussed below. Each finding is numbered consistently with the number assigned to the schedule.

FINDING – FINANCIAL AUDIT

Compliance and Other Matters

2023-001 Late Audit Report Filing

RECOMMENDATION: The Organization should ensure compliance with LA R.S. 24:513 by producing adequate financial information in a timely manner

CORRECTIVE ACTION PLAN: The Organization will strive to work closely with its financial consultants and auditing firm to provide timely and accurate documentation so that the audits required by LA R.S. 24:513 will be submitted in a timely manner.

If there are questions regarding the plan, please contact Mr. Birdell Mitchell, Director of Human and Capital Resources, at 504-620-5500.

Sincerely,

Dr. Chase McLaurin
Dr. Chase McLaurin (May 2, 2024 14:13 CDT)

Dr. Chase McLaurin
Superintendent



LYCÉE FRANÇAIS
DE LA NOUVELLE-ORLÉANS

Lycée Français De La Nouvelle-Orléans respectfully submits the following schedule of prior year audit findings for the for the year ended June 30, 2023.

Audit conducted by:

Postlethwaite & Netterville, PAC
One Galleria Blvd., Suite 2100
Metairie, LA 70001

Audit Period: Fiscal year ended June 30, 2023

The prior year audit findings from the June 30, 2023 schedule of findings and questioned costs are discussed below. Each finding is numbered consistently with the number assigned to the schedule.

FINDING – FINANCIAL AUDIT

Internal Controls

Significant Deficiency

2022-001 Internal Control Over Financial Statement Preparation of the Consolidated Subsidiary

RECOMMENDATION: We recommend that management review the fixed asset listings, related depreciation, and interest payable to ensure that the amounts are properly recorded on a monthly basis.

CORRECTIVE ACTION TAKEN: Resolved. Management has developed and implemented policies and procedures and provided staff training to ensure proper financial reporting, as it relates to the consolidated subsidiary, is achieved.

FINDING – UNIFORM GUIDANCE

Significant Deficiency

2022-002 Graduation Rate Cohort Documentation

RECOMMENDATION: The Organization should establish procedures at the program administration level to ensure appropriate documentation is obtained related to removal of students from a cohort in accordance with Louisiana Administrative Code Title 28, Part LXXXIII, Chapter 6, Section 611.

CORRECTIVE ACTION PLAN: Resolved. Management has developed and implemented policies and procedures and provided staff training to ensure proper documentation is obtained to support the removal of students from the cohort in accordance with the Louisiana Administrative Code Title 28.

If there are questions regarding the plan, please call Mr. Birdell Michell, Director of Human and Capital Resources, at 504-620-5500.



LYCÉE FRANÇAIS
DE LA NOUVELLE-ORLÉANS

Sincerely,

Dr. Chase McLaurin

Dr. Chase McLaurin (May 2, 2024 14:13 CDT)

Dr. Chase McLaurin
Superintendent

**Lycée Francais De La
Nouvelle-Orléans**
New Orleans, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period July 1, 2022 through June 30, 2023

KOLDER, SLAVEN & COMPANY, LLC

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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

To Dr. Chase McLaurin, Superintendent,
and Members of Lycée Francais De La Nouvelle-Orléans,
New Orleans, Louisiana, and the
Louisiana Legislative Auditor

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 1, 2022 through June 30, 2023. Lycée Francais De La Nouvelle-Orléans’s (Organization) management is responsible for those C/C areas identified in the SAUPs.

The Organization 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 1, 2022 through July 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 findings are as follows:

1) Written Policies and Procedures

- A. Obtained and inspected the entity’s written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity’s operations:
- i) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - 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.

- iii) ***Disbursements***, including processing, reviewing, and approving.
- 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).
- 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(s) rate of pay or approval and maintenance of pay rate schedules.
- 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.
- vii) ***Credit Cards (and debit cards, fuel cards, P-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).
- viii) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- ix) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that document is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi) ***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.

We performed the procedures and discussed the results with management.

- xii) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) *Board or Finance Committee*

- A. Obtained and inspected 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) Observed 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.
 - ii) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii) For governmental entities, we obtained the prior year audit report and observed the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, we observed that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.
 - iv) 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.

3) *Bank Reconciliations*

- A. Obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained, and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
- i) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - ii) Bank reconciliations included evidence that a member of management/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
 - iii) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement's closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. Obtained 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 selected 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
- i) Employees that are responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.
 - 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 are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observed the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected a deposit if multiple deposits are made on the same day). *Alternately, 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.* Obtained supporting documentation for each of the 10 deposits and:
- i) Observed that receipts are sequentially pre-numbered.
 - ii) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii) Traced the deposit slip total to the actual deposit per the bank statement.

- iv) Observed 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).
- v) Traced the actual deposit per the bank statement to the general ledger.

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

- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).
- B. For each location selected under #5A above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed 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/making the purchase.
 - ii) At least two employees are involved in processing and approving payments to vendors.
 - 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.
 - 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.
 - 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.
- C. For each location selected under #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
 - i) Observed whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
 - ii) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved only by those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity'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/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/P-Cards

- A. Obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtained management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- i) Observed that 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - ii) Observed that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. Obtained 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 selected 5 reimbursements, obtained 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:

- i) If reimbursed using a per diem, observed 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).
- ii) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- iii) Observed 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.)
- iv) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) Contracts

- A. Obtained 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - i) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii) If the contract was amended (e.g. change order), observed 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, was approval documented).
 - iv) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtained attendance records and leave documentation for the pay period, and:
- i) Observed all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - ii) Observed whether supervisors approved the attendance and leave of the selected employees or officials.
 - iii) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - iv) Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtained 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 selected two employees or officials, obtained related documentation of the hours, and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee or officials cumulative leave records, agreed the pay rates to the employee or officials authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.
- D. Obtained 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.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtained ethics documentation from management, and:
- i) Observed documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
 - ii) Observed whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

- B. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

- E. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued.
- F. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observed the entity 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.

13) Information Technology Disaster Recovery/ Business Continuity

- A. Performed the following procedures, **verbally discussed the results with management, and report "We performed the procedures and discussed the results with management."**
- i) Obtained and inspected the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observed that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observed evidence that backups are encrypted before being transported.
- ii) Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/ verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.

- iii) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated 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.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained sexual harassment training documentation from management, and observed that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that the report includes the applicable requirements of R.S. 42:344:
 - i) Number and percentage of public servants in the agency who have completed the training requirements.
 - ii) Number of sexual harassment complaints received by the agency.
 - iii) Number of complaints which resulted in a finding that sexual harassment occurred.
 - iv) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective actions.
 - v) The amount of time it took to resolve each complaint.

Findings:

No exceptions were found as a result of applying procedures listed above except:

Bank Reconciliations:

One of four bank reconciliations tested did not show evidence of researching items that were outstanding longer than twelve months.

Management's Response:

The management of the Organization concurs with the exception and is working to address the deficiency identified.

We were engaged by the Organization 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 Organization 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.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Alexandria, Louisiana
May 2, 2024