

REDESIGN SCHOOLS OF LOUISIANA

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Redesign Schools of Louisiana
Baton Rouge, Louisiana

Opinion

We have audited the accompanying financial statements of Redesign Schools of Louisiana ("RSL"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RSL and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RSL'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 RSL'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 combining financial statements and schedule of compensation, benefits and other payments to agency head or chief executive officer are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Bruno & Tervalon LLP

New Orleans, Louisiana

December 14, 2022

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS

Current Assets:

Cash and cash equivalents	\$ 2,080,903
Grants receivable, net	408,580
Prepaid items	<u>123,396</u>
Total Current Assets	<u>2,612,879</u>

TOTAL ASSETS \$ 2,612,879

LIABILITIES

Current Liabilities:

Accounts payable	\$ 109,653
Accrued expenses	<u>110,419</u>
Total Current Liabilities	<u>220,072</u>

Total Liabilities 220,072

NET ASSETS

Without donor restrictions	2,392,807
With donor restrictions	<u>-</u>
Total Net Assets	<u>2,392,807</u>

TOTAL LIABILITIES AND NET ASSETS \$ 2,612,879

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

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF ACTIVITIES (Consolidated) Year Ended June 30, 2022

	With Donor Restrictions	Without Donor Restrictions	Total
OPERATIONAL ACTIVITIES:			
Local Sources:			
Minimum Foundation Program	\$ 4,623,051	\$ -	\$ 4,623,051
Total local sources	4,623,051	-	4,623,051
State Sources:			
Minimum Foundation Program	408,580	2,625,887	3,034,467
Grants	-	178,618	178,618
Total state sources	408,580	2,804,505	3,213,085
Federal grants	-	2,897,066	2,897,066
Net assets eased from donor restrictions	(4,623,051)	4,623,051	-
Total operating activities	408,580	10,324,622	10,733,202
Operating activities:			
Program services	-	7,011,502	7,011,502
Supporting services	-	3,149,135	3,149,135
Total operating expenses	-	10,160,637	10,160,637
Change in net assets from operating activities	408,580	163,985	572,565
Non-operating activities:			
Other income	-	2,400	2,400
Total non-operating activities	-	2,400	2,400
Change in net assets from non-operating activities	-	2,400	2,400
Change in net assets from operating and non-operating activities	408,580	166,385	574,965
Net assets, July 1, 2021	-	1,817,842	1,817,842
Net assets, June 30, 2022	408,580	1,984,227	2,392,807

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

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES

(Consolidated)

Year Ended June 30, 2022

	WITHOUT DONOR RESTRICTIONS		
	Program Services	Supporting Services	Total
Salaries	\$ 3,468,965	\$ 577,238	\$ 4,046,203
Benefits	308,034	132,015	440,049
Payroll taxes	257,462	110,341	367,803
Communications	-	114,603	114,603
Professional services	574,308	518,327	1,092,635
Management fees	-	954,517	954,517
Legal fees	-	61,347	61,347
Food services management	462,047	-	462,047
Repairs and maintenance	151,754	-	151,754
Utilities	169,760	-	169,760
Lawn care	9,750	-	9,750
Indirect cost	40,246	-	40,246
Student transportation	977,583	-	977,583
Purchased services	-	99,504	99,504
Materials and supplies	322,752	80,939	403,691
Insurance	-	201,650	201,650
Curriculum	118,621	-	118,621
Equipment rental	2,176	61,392	63,568
Dues and fees	-	192,181	192,181
Professional development	127,948	-	127,948
Other	-	45,081	45,081
Disposal services	20,096	-	20,096
Total expenses	\$ 7,011,502	\$ 3,149,135	\$ 10,160,637

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

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

Cash Flows from Operating Activities:

Change in net assets	\$ 574,965
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
(Increase) decrease in:	
Decrease in grants receivable	758,496
Decrease in prepaid items	8,569
Increase (decrease) in:	
Decrease in accounts payable vendors	(95,731)
Decrease in accrued salaries payable	(53,490)
Decrease in deferred revenues	<u>(32,000)</u>
Net Cash (Used) Provided by Operating Activities	1,160,809
Net Increase (Decrease) in Cash and Cash Equivalents	1,160,809
Cash and Cash Equivalents, beginning of year (including restricted cash)	<u>920,094</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 2,080,903</u></u>

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

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements June 30, 2022

Note 1 – Background and Summary of Significant Accounting Policies

Background

Redesign Schools of Louisiana previously is a non-profit public benefit corporation organized under the laws of the State of Louisiana under the name of Celerity Schools Louisiana. During the year ended June 30, 2020, RSL changed its name to Redesign Schools of Louisiana (RSL). RSL commenced operations during the 2014-2015 fiscal year. RSL currently operates a Network Office and three charter schools. Crest worth Middle School's building is maintained by RSL without the operation of a School under an arrangement with the Louisiana Department of Education. The term and sponsoring agency for each of the charter schools is as follows:

<u>Charter Name</u>	<u>Term of Charter</u>	<u>Sponsoring Agency</u>
Crestworth Middle School	5 years	Louisiana Department of Education
Lanier Elementary School	5 years	Louisiana Department of Education
Dalton Elementary School	5 years	Louisiana Department of Education
Glen Oaks Middle School	4 years	Louisiana Department of Education

The mission of RSL is to provide schools where at-risk students will thrive in an atmosphere of high expectations and engaging curriculum with challenging learning activities.

Principles of Accounting

The financial statements of RSL are prepared in accordance with accounting principles generally accepted in the United States of America and on the accrual basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Organization 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 reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Funding

RSL receives its primary funding from the State of Louisiana's Minimum Foundation Program, pass-through awards, as well as other direct funding from the Federal Emergency Management Agency.

REDESIGN SCHOOLS OF LOUISIANA

**Notes to The Financial Statements (continued)
June 30, 2022**

Property and Equipment

RSL follows the practice of capitalizing at cost, all property and equipment acquisitions with a unit cost of \$5,000 and over. Depreciation is computed under the straight-line method for all depreciable assets over their respective estimated useful lives. RSL depreciates property and equipment over a five (5) to ten (10) year period.

Donations of property and equipment are recorded as contributions at their fair value at date of donation. Such donations are reported as without donor restriction contribution unless restricted by donor.

Amortization is recorded at rates designed to amortize cost over estimated useful lives.

Property and equipment acquired under grants vest subject to use, management and disposition requirements.

Capital leases and related liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset.

Use of Restricted Resources

It is the practice of RSL to use restricted resources based on donor restrictions and consistent with its mission. See page 11 for additional discussion with regards to presentation of donor and/or without donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and supporting services in the accompanying statement of functional expenses.

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued) June 30, 2022

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Occupancy	Square footage
Professional fees	Full time equivalent
Depreciation	Square footage
Other	Time and effort

Statement of Cash Flows

For purposes of the statement of cash flows, RSL considers all investments with original maturities of three months or less to be cash equivalents. At June 30, 2022, RSL had no cash equivalents.

Financial Statement Presentation

Under Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) Section 958-605, *Not-For-Profit Entities, Revenue Recognition*, RSL must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value.

Presentation of Financial Statements

RSL's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit Guide for Not-for-Profit Organizations" (the Guide) update No. 2016-14. ASC 958-205 was effective January 1, 2018. Under provisions of the Guide net assets of RSL are classified to present the following based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of RSL are classified as follows:

- Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of RSL's. RSL's board may designate assets without restrictions for specific operational purposes from time to time. Some donor restrictions are temporary in nature; those restrictions will be met by actions of RSL or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued)

June 30, 2022

- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to RSL's ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs, and other activities considered to be a more unusual or nonrecurring nature.

Fair Value of Financial Instruments

The estimated fair value of all significant financial statement amounts have been determined by RSL using available market information and appropriate valuation methodologies.

RSL considers the carrying amounts of cash, other and grants receivables, prepaid items, and amounts and other payables to be at fair market.

Budgetary Data

RSL formally adopts a budget. The budgetary data are submitted to the State of Louisiana for approval.

Inter program Activities

All inter program transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfers. All other inter program transfers are reported as operating transfers and recognized at the time the underlying event occurs. Inter program activities are netted at the combined financial statements level.

Total Memorandum Only

The total column on the accompanying combining financial statements is captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Standards Update - 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease terms, and a lease liability for the payments to be made to lessor, on its balance sheet for all

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued)

June 30, 2022

operating leases greater than twelve (12) months. The requirements of this statement have been postponed for reporting periods beginning after December 15, 2021. RSL has not assessed the potential impact of this guidance on its financial statements.

Note 2 -Cash

RSL maintains its bank accounts in one operating account with interfund transactions to account for the cash receipts and disbursements by fund. As of June 30, 2022 the collected bank balance was \$674,910 and a book balance of \$337,317. The use of interfund accounts must be taken into account when reviewing book balance of cash accounts in determining the cash position of each fund.

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). RSL maintains its cash in bank deposit accounts that at times may exceed federally insured limits. RSL does not have a deposit policy and has not experienced any losses in such accounts. At June 30, 2022, RSL has a total collected bank balance of \$1,830,903 in excess of the FDIC insured limit. See other matters report reference number OM 2020-001 and NOTE 12 for additional discussions.

Note 3 -Cash - Restricted

At June 30, 2022, restricted cash of \$0 consisted of funds held for student related activity.

Note 4 -Grants Receivable

At June 30, 2022, grants receivable consisted of costs incurred in excess of funds reimbursed for pass-through programs funded by the Departments of Education and Agriculture. A detail by funding source follows:

	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Total
U.S. Department of Education	\$ 172,333	\$ 95,915	\$ 79,168	\$ 347,416
U.S. Department of Agriculture	25,776	20,710	14,678	61,164
Total grants receivable	<u>\$ 198,109</u>	<u>\$ 116,625</u>	<u>\$ 93,846</u>	<u>\$ 408,580</u>

Management believes all receivables to be collectible and therefore, no allowance for doubtful accounts is recorded.

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued) June 30, 2022

Note 5 -Liquidity

RSL's financial assets available within one year of the statement of financial position date for general expenses are as follows:

Cash	\$ 2,080,903
Grants receivable	<u>408,580</u>
	2,489,483
Less:	
Accounts payable	109,653
Accrued salaries payable	<u>110,419</u>
Financial assets available to meet expenses over the next twelve months	<u>\$ 2,269,411</u>

RSL RSL's financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the financial position.

As part of RSL's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, RSL invests cash in excess of projected requirements in investments.

Note 6 -Other Receivables

At June 30, 2022 there were no other receivables reported.

Note 7 -Fair Value of Instruments

RSL has a number of financial instruments, none of which is held for trading purposes. RSL estimates that the fair value of all financial instruments at June 30, 2022 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by RSL using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value and accordingly, the estimates are not necessarily indicative of the amounts that RSL could realize in

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued)

June 30, 2022

a current market exchange. The recorded values of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, and accrued expenses approximate their fair values based on their short-term nature.

Note 8 -Income Taxes

RSL is a non-profit entity under Section 501(c) (3) of the Internal Revenue Code and accordingly, is exempt from federal and state income taxes. However, RSL is subject to income tax on unrelated business taxable income. RSL had no unrelated business income for the year ended June 30, 2022, and no provision for income taxes is included in the accompanying financial statements.

Note 9 -Contingencies and Commitments

RSL is a recipient of funding from the State of Louisiana's Minimum Foundation Program to include other grants received through the State of Louisiana. The funding is governed by various guidelines, regulations and contractual agreements. The administration of the program and activities funded is under the control and administration of RSL and is subject to audit and/or review by the applicable funding source. Any funds found to be not properly spent in accordance with the terms, conditions and regulations of the funding sources may be subject to recapture.

On April 3, 2019, RSL executed a grant agreement with New Schools for Baton Rouge in the amount of \$500,000 for the creation, establishment, and operation of Glen Oaks Middle School.

Based on milestone due dates, the agreement establishes at June 30, 2022, three (2) remaining payments of \$100,000 per year through July 15, 2022. At June 30, 2022 the remaining funds total \$100,000.

Note 10 -Risk Management

RSL is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets for which RSL carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Note 11 -Concentration of Revenue Source

RSL receives primarily all of its support from the State of Louisiana. If the amount of revenue received should fall below award budgeted levels, RSL's operating results could be adversely affected.

Note 12 -Concentration of Credit Risk

Financial instruments which potentially subject RSL to concentrations of credit risk consist principally of cash. See NOTE 2 for additional discussion.

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued) June 30, 2022

Note 13 -Per Diem to Board of Directors

During the year ended June 30, 2022, no board member received per diem in his or her capacity as director.

Note 14 -Prepaid Items

At June 30, 2022, prepaid items consisted of the following:

Security deposit	\$ 19,386
Prepaid insurance	65,958
Prepaid supplies and services	<u>38,052</u>
	<u>\$ 123,396</u>

Note 15 -Retirement

Effective January 1, 2015, RSL established an employee 403(b) plan (the Plan). Generally, the Plan is available to employees upon being hired. Full- time certified employees (teachers, principal and curriculum specialists), once enrolled, are eligible to receive 5% of their compensation in the Plan. Currently, unclassified employees of RSL are not eligible to receive benefits from the Plan. For the year ended June 30, 2022, employer contribution expense was \$48,579.

Note 16 -Related Party

At June 30, 2022, RSL has an executed management agreement with REFONTE (A Louisiana nonprofit corporation charter management organization) effective July 1, 2014. Said agreement includes responsibility and accountability to RSL for the management of RSL. For the year ended June 30, 2020, total fees paid for the referenced services were \$1,136,660.

Note 17 -Lease

RSL maintains operating leases for equipment. The operating leases for equipment automatically renew annually, unless RSL opts-out of continuation. Operating lease expense for the year ended June 30, 2022 totaled \$63,568.

Note 18 -Coronavirus

On January 30, 2020, the World Health Organization declared the Corona Virus "COVID-19" as a global health emergency. On March 13, 2020, the President of the United States of America declared a national emergency. Management of RSL continues to assess the impact of COVID-19

REDESIGN SCHOOLS OF LOUISIANA

Notes to The Financial Statements (continued)

June 30, 2022

on its overall operations as it navigates through initiatives guidelines and various executive orders mandated by the Governor for the State of Louisiana and the Mayor for the City of Baton Rouge.

Note 19 -Subsequent Events

RSL is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition and/or disclosure in the accompanying financial statements. RSL performed such an evaluation through December 14, 2022, the date on which the accompanying financial statements were available to be issued, and noted no subsequent events or transactions that occurred requiring recognition and/or disclosure.

COMBINING STATEMENT OF FINANCIAL POSITION
For The Year Ended June 30, 2022

	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Redesign Schools Network Office	Elimination	Total (Memorandum Only)
Current Assets:						
Cash	\$ -	\$ -	\$ -	\$ 2,080,903	\$ -	\$ 2,080,903
Grants receivable	198,109	116,625	93,846	-	-	408,580
Prepaid items	22,771	22,132	15,662	62,831	-	123,396
total current assets	\$ 220,880	\$ 138,757	\$ 109,508	\$ 2,143,734	\$ -	\$ 2,612,879
Current Liabilities:						
Accounts payable - vendors	\$ -	\$ -	\$ -	\$ 109,653	\$ -	\$ 109,653
Accrued salaries payable	-	-	-	110,419	-	110,419
Total current liabilities	\$ -	\$ -	\$ -	\$ 220,072	\$ -	\$ 220,072
Non-current Liabilities:						
Non-current liabilities	-	-	-	-	-	-
Total noncurrent liabilities	-	-	-	-	-	-
Total Liabilities	-	-	-	220,072	-	220,072
Net Assets:						
With donor restrictions	-					
Without donor restrictions	220,880	138,757	109,508	1,923,662	-	2,392,807
Total net assets	220,880	138,757	109,508	1,923,662	-	2,392,807
Total liabilities and net assets	\$ 220,880	\$ 138,757	\$ 109,508	\$ 2,143,734	\$ -	\$ 2,612,879

COMBINING STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2022

	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Redesign Schools Network Office	Elimination	Total (Memorandum Only)
OPERATING REVENUES:						
Local Sources:						
Minimum foundation Program	\$ 1,757,448	\$ 1,493,767	\$ 1,371,836	\$ -	\$ -	\$ 4,623,051
Total local sources	1,757,448	1,493,767	1,371,836	-	-	4,623,051
State Sources:						
Minimum foundation Program	1,128,189	993,804	912,474	-	-	3,034,467
Grants without restrictions	90,226	88,392	-	-	-	178,618
Net assets released from donor restrictions	-	-	-	-	-	-
Total state sources	1,218,415	1,082,196	912,474	-	-	3,213,085
Federal grants	1,002,859	1,111,409	782,798	-	-	2,897,066
Total operating revenues	3,978,722	3,687,372	3,067,108	-	-	10,733,202
EXPENSES:						
Program services	2,540,900	2,534,407	1,874,849	707,337	(707,337)	6,950,156
Supporting services	1,123,160	1,031,090	1,056,231	451,262	(451,262)	3,210,481
Total expenses	3,664,060	3,565,497	2,931,080	1,158,599	(1,158,599)	10,160,637
Change in net assets from operating activities	314,662	121,875	136,028	(1,158,599)	1,158,599	572,565
NON-OPERATING REVENUES:						
Support from other programs	-	-	-	-	-	-
Other income	2,400	-	-	-	-	2,400
Change in net assets from non-operating activities	2,400	-	-	-	-	2,400
Change in net assets from operating and non-operating activities	317,062	121,875	136,028	(1,158,599)	1,158,599	574,965
Net assets July 1, 2021	809,835	934,237	340,663	(266,893)	-	1,817,842
Net assets June 30, 2022	\$ 1,126,897	\$ 1,056,112	\$ 476,691	\$ (1,425,492)	\$ 1,158,599	\$ 2,392,807

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES (Combining)
For the Year Ended June 30, 2022

Exhibit III

	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Redesign Schools Network Office	Elimination	Total (Memorandum Only)
Program Services:						
Salaries	1,208,521	1,410,908	849,537	632,027	(632,027)	3,468,966
Employee benefits	113,890	116,711	77,433	27,097	(27,097)	308,034
Payroll taxes	89,627	98,437	69,398	48,213	(48,213)	257,462
Communications	-	-	-	-	-	-
Professional services	214,608	146,918	151,435	-	-	512,961
Management fees	-	-	-	-	-	-
Legal fees	-	-	-	-	-	-
Food services management	182,181	157,327	122,539	-	-	462,047
Repairs and maintenance	64,896	38,170	48,688	-	-	151,754
Utilities	92,547	32,036	45,177	-	-	169,760
Lawn care	2,750	3,500	3,500	-	-	9,750
Indirect cost	-	21,694	18,552	-	-	40,246
Student transportation	349,438	322,806	305,339	-	-	977,583
Purchased services	-	-	-	-	-	-
Materials and supplies	108,399	110,377	103,976	-	-	322,752
Technology related supplies	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Curriculum	60,779	27,371	30,471	-	-	118,621
Educational services	-	-	-	-	-	-
Equipment rental	694	241	1,241	-	-	2,176
Dues and fees	-	-	-	-	-	-
Professional development	44,818	41,159	41,971	-	-	127,948
Other	-	-	-	-	-	-
Disposal services	7,752	6,752	5,592	-	-	20,096
Total program expenses	<u>2,540,900</u>	<u>2,534,407</u>	<u>1,874,849</u>	<u>707,337</u>	<u>(707,337)</u>	<u>6,950,156</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS OF LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES (Combining)
For the Year Ended June 30, 2022

Exhibit III

	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Redesign Schools Network Office	Elimination	Total (Memorandum Only)
Supporting services:						
Salaries	176,270	201,181	199,786	-	-	577,237
Employee benefits	48,811	50,019	33,185	-	-	132,015
Payroll taxes	38,412	42,187	29,742	-	-	110,341
Communications	28,947	37,690	47,966	-	-	114,603
Professional services	208,187	175,313	196,174	38,875	(38,875)	579,674
Management fees	362,983	298,797	292,737	292,737	(292,737)	954,517
Legal fees	20,130	18,727	22,490	61,347	(61,347)	61,347
Food services management	-	-	-	-	-	-
Repairs and maintenance	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Lawn care	-	-	-	-	-	-
Indirect cost	-	-	-	-	-	-
Student transportation	-	-	-	-	-	-
Purchased services	29,322	44,513	25,669	-	-	99,504
Materials and supplies	34,777	16,739	29,423	-	-	80,939
Technology related supplies	-	-	-	-	-	-
Insurance	64,285	54,583	82,782	58,303	(58,303)	201,650
Curriculum	-	-	-	-	-	-
Educational services	-	-	-	-	-	-
Equipment rental	24,824	14,270	22,298	-	-	61,392
Dues and fees	71,514	62,184	58,483	-	-	192,181
Professional development	-	-	-	-	-	-
Other	14,698	14,887	15,496	-	-	45,081
Disposal services	-	-	-	-	-	-
Total supporting services	<u>1,123,160</u>	<u>1,031,090</u>	<u>1,056,231</u>	<u>451,262</u>	<u>(451,262)</u>	<u>3,210,481</u>
Total expenses	<u>\$ 3,664,060</u>	<u>\$ 3,565,497</u>	<u>\$ 2,931,080</u>	<u>\$ 1,158,599</u>	<u>\$ (1,158,599)</u>	<u>\$ 10,160,637</u>

See Independent Auditors' Report on Supplementary Information.

**INDEPENDENT ACCOUNTANT' REPORT
ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
Redesign Schools of Louisiana
Baton Rouge, Louisiana

We have performed the procedures enumerated below as required by State of Louisiana R.S. 24:514 and listed in the Louisiana Governmental Audit Guide accompanying the annual financial statements of Redesign Schools of Louisiana (“RSL”) as of the year ended June 30, 2022.

The procedures were agreed to by management of Redesign Schools of Louisiana the Louisiana Department of Education, and the Legislative Auditor for the State of Louisiana, solely to assist users in evaluating management’s assertions about the accompanying performance and statistical data and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (“BESE”) Bulletin in compliance with Louisiana revised Statute 24:514. RSL’s management is responsible for the completeness of the performance and statistical data.

This agreed-upon engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable Standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of the specified users of the report.

Consequently, we make no representation regarding the sufficiency of the following procedures described either for the purpose for which this report has been requested or for any other purpose.

The procedure performed, our findings and management’s response as applicable related to the accompanying schedules (Schedules 1 and 2), are summarized as follows:

General Fund Instructional and Support Expenditures (Schedule 1)

1. Procedure

We selected a random sample of twenty-five (25) transactions and reviewed supporting documentation to determine if the sampled expenditures are classified

correctly and reported in the proper amounts for each of the following amounts reported on the Schedule:

- o Total General Fund Instructional Expenditures; and
- o Total General Fund Equipment Expenditures

Finding

The results of the procedure performed on the selected instructional and support expenses revealed that the twenty-five (25) sampled transactions were correctly classified and reported.

Class Size Characteristics (Schedule 2)

2. Procedure

We obtained a list of classes by school, school type and class size as reported on the schedule. E then traced a random sample ten (10) classes to the October 2, 2021 roll books for those classes and determined if the classes were properly classified on the schedule.

Finding

For the ten (10) classes selected for proper classified on Schedule 2, revealed that the sampled transactions were correctly classified and reported.

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

1. Procedure

We obtained the October 2, 2021 Profile of Educational Personnel (PEP) data submitted to the Department of Education including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of twenty-five (25) individuals, traced to each individual's personnel file, and observed that each individual's education level and experience were properly classified in the PEP data.

Finding: 4 out of 25 employees had education level reflected on October 2021 PEP and 1 out of 25 employees had education level not accurately reported on the October PEP report.

Response: RSL will put procedures in place so that when staff education is changed and updates are made in PowerSchool, we contact EdOps and check and balances before reports are submitted.

Public School Staff Data: Average Salaries (No Schedule)

1. Procedure

We obtained the October 2, 2021 PEP data submitted to the Department of Education 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 twenty-five (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 in the PEP data.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

RSL's response to the findings in our agreed-upon procedures is described in this report under the caption "Management's Response." We did not perform any procedures on RSL's response and, accordingly, we express no opinion on it.

This report is intended solely for the use of management, Board of Directors, the Louisiana Department of Education, BESE, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the LA Legislative Auditor as a public document.

Bruno & Tervalon, LLP

New Orleans, Louisiana

December 14, 2022

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

**REDESIGN SCHOOLS OF LOUISIANA
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2022**

General Fund Instructional Equipment Expenditures	
General Fund Instructional Expenditures:	
Teacher and Student Interaction Activities:	
Classroom teacher salaries	1,655,577
Other instructional staff activities	373,786
Purchased professional and technical	443,853
Instructional materials and supplies	47,558
Instructional equipment	63,353
	<u>51,047</u>
Total teacher and student Interaction Activities	\$ 2,635,174
Other instructional activities	-
Pupil Support Activities:	
Less: Equipment for pupil support activities	<u>199,992</u>
Net pupil support activities	199,992
Inatructional Staff Services:	86,534
Less: Equipment for instructional staff services	<u>-</u>
Net instructional staff services	\$ 86,534
School Administration	
Less: Equipment for school administration	<u>1,300,027</u>
Net instructional staff services	1,300,027
Total General Fund Instructional Expenditures(total of Column B)	<u>4,221,727</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)	<u><u>-</u></u>

See individual accountants' report on applying agreed-upon procedures.

**REDESIGN SCHOOLS OF LOUISIANA
CLASS SIZE CHARACTERISTICS
AS OF OCTOBER 2, 2022**

Schedule 2

<i>School Type:</i>	Class Size Range							
	1-20		21-26		27-33		34+	
	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>
Elementary	4%	81	5%	93	0%	0	0%	0
Elementary Activity Classes	4%	19	5%	25	0%	0	0%	0
Middle/Jr. High	0%	0	5%	35	14%	8	0%	0
Middle/ Jr. High	0%	0	5%	10	0%	10	0%	0
Middle/Jr. High Activity Classes	0%	0	0%	0	0%	0	0%	0
High	0%	0	0%	163	14%	18	0%	0
High Activity Classes	3%	81	5%	128	0%	0	0%	0
Combination	3%	19	5%	35	0%	75	0%	0
Combination Activity Classes	3%	19	5%	35	4%	75	0%	0

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 kindergarten through 3 is 26 students and maximum enrollment in grades 4 through 12 is 33 students. These limits do not apply to classes such as physical education, chorus, band and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

See individual accountants's report on applying agreed-upon procedures.

SUPPLEMENTARY INFORMATION

SCHEDULE I

**REDESIGN SCHOOLS OF LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR NAME/PROGRAM NAME	FEDERAL ASSISTANCE PASS-THROUGH LISTING NUMBER	ENTITY'S NUMBER	PASSED THROUGH TO SUBRECIPIENTS	EXPENDITURES
<u>Program Funded by the U.S. Department of Agriculture</u>				
<u>Awards from a Pass-Through Entity</u>				
<u>Pass - Through: LA State Department of Education</u> National School Lunch Program	10.555	2613007.92,842	\$0	\$ 578,402
Total Pass-Through U. S. Department of Agriculture			0	578,402
<u>Programs Funded by the U.S. Department of Education</u>				
<u>Awards from a Pass - Through Entity</u>				
<u>Pass - Through: LA State Department of Education</u>				
Title I, Part A - Grants to Local Educational Agencies	84.010	310489.14,425	0	450,773
Title II, Part A - Teacher and Principal Training and Recruiting Fund	84.367	NA	0	26,900
Title IV, Part A - Student Support and Enrichment Grant	84.424	NA	0	74,613
Individuals with Disabilities Education Act (IDEA) Part B	84.027	NA	0	137,476
LA-4 Program	84.419B	NA	0	178,618
Comprehensive Literacy State Development (CLSD)	84.371A	NA	0	60,022
Charter School Program	84.282A	NA	0	73,512
Direct Student Services	84.010A	NA	0	8,883
ESSA Formula Grant (Strong Start)	84.425D	NA	0	1,452,384
Total Pass-Through U. S. Department of Education			0	2,463,181
Total Expenditures of Federal Awards			\$0	\$ 3,041,583

See independent auditors' report on supplementary information

REDESIGN SCHOOLS OF LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year ending June 30, 2022

Note 1 – Basis of Presentation

The accompanying of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Redesign Schools of Louisiana under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements for *Title 2 of U.S. Federal Regulations Part 200, Uniform Requirements, Cost Principles, and Requirements for Federal Awards (Uniform Guidance)*. The amounts presented in or used in the preparation of the financial statements.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance., wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Cost Rule

Redesign Schools of Louisiana has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**REDESIGN SCHOOLS OF LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER**

FOR THE YEAR ENDED JUNE 30, 2022

Agency Head: Angela Beck

<u>Description</u>	<u>Amount</u>
Salary	\$ 147,000
Benefits - Health	4,437
Benefits - Social security	8,610
Benefits - Medicare	2,132
Benefits - Unemployment	195
Car allowance	<u>6,000</u>
	<u>\$ 168,374</u>

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

To the Board of Directors
Redesign Schools of Louisiana
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Redesign Schools of Louisiana (“RSL”), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered RSL’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RSL’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Redesign Schools of Louisiana’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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bruno & Tervalon LLP

New Orleans, Louisiana
December 14, 2022

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

To the Board of Director of
Redesign Schools of Louisiana
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Redesign of School Louisiana (“RSL”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Redesign Schools of Louisiana’s major federal programs for the year ended June 30, 2022. RSL’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, RSL complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of RSL 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 RSL’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 RSL's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on RSL'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 for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about RSL's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding RSL'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 RSL'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 RSL'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.

Other Matters

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

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

Report on Internal Control over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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.

Purpose of this Report

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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

New Orleans, Louisiana
December 14, 2022

**REDESIGN SCHOOLS OF LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued			Unmodified
Internal control over financial reporting:			
Material weaknesses identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	

Federal Awards

Internal control over major programs:			
Material weaknesses identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> None reported	
Type of auditors' report issued on compliance for major programs:			Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____ Yes	_____ <u>X</u> No	

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.555	National School Lunch Program
84.010	Title I, part A - Grants to Local Educational Agencies
84.425D	ESSA Formula Grant (Strong start)

Dollar threshold used to distinguish between Type A and Type B programs:	\$	750,000
Auditee qualified as low-risk auditee?	_____ <u>X</u> Yes	_____ No

No Separate Management Letter was Issued

SECTION II - FINDINGS

None

SECTION III - PRIOR YEAR FINDINGS

None

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Redesign Schools of Louisiana
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by Redesign Schools of Louisiana and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021, through June 30, 2022. The Non-Profit's management is responsible for those C/C areas identified in the SAUPs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

- 1) Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
No exceptions noted.
 - b. **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.
No exceptions noted.
 - c. **Disbursements**, including processing, reviewing, and approving.
No exceptions noted.
 - d. **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.)

No exceptions noted.

- e. **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions noted.

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

No exceptions noted.

- g. **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).

No exceptions noted.

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

No exceptions noted.

- i. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 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 documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions noted.

- j. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions noted.

- k. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage 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 systems and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

No exceptions noted.

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

No exceptions noted.

Board or Finance Committee

- 2) Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- b. For those entities reporting on the governmental accounting model, observe whether the minutes reference 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 nonprofit accounting model, observe that the minutes 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.

No exceptions noted.

- c. For governmental entities, obtain the prior year audit report and observe 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, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exceptions noted.

Bank Reconciliations

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

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

No exceptions noted.

- b. Bank reconciliations include 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

No exceptions noted.

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

No exceptions noted.

Collections

- 4) Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5) For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are segregated at each collection location such that:

- a. Employees that are responsible for cash collections do not share cash drawers/registers.

No exceptions noted.

- b. 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.

No exceptions noted.

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

No exceptions noted.

- d. 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.

No exceptions noted.

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

No exceptions noted.

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

- e. Observe that receipts are sequentially pre-numbered.
No exceptions noted.
- f. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exceptions noted.
- g. Trace the deposit slip total to the actual deposit per the bank statement.
No exceptions noted.
- h. Observe 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).
We performed the procedure above and noted no exceptions.
- i. Trace the actual deposit per the bank statement to the general ledger.
No exceptions noted.

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

- 8) Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than
- 9) For each location selected under #8 above, obtain a listing of those employees involved with non- payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - j. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
No exceptions noted.
 - k. At least two employees are involved in processing and approving payments to vendors.
No exceptions noted.
 - l. 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.
No exceptions noted.
 - m. 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.
No exceptions noted.
- 10) For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain

management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- n. Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

- o. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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

No exceptions noted.

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

- p. Observe 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) was reviewed and approved, in writing 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.)

No exceptions noted.

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

No exceptions noted.

- 13) Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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.

No exceptions noted.

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

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

- r. If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration.

No exceptions noted.

- s. If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identified precisely what was purchased.

No exceptions noted.

- t. Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the name of those individuals participating and other documentation required by written policy (procedure #1h).

No exceptions noted.

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

No exceptions noted.

Contracts

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Payroll and Personnel

- 16) Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17) Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - z. Observe that 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 does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

No exceptions noted.

- aa. Observe whether supervisors approved the attendance and leave of the selected employees/officials.

No exceptions noted.

- bb. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

No exceptions noted.

- 18) Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree 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.

No exceptions noted.

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

No exceptions noted.

Ethic

- 20) Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- cc. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

- dd. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

No exceptions noted.

Debt Service

- 21) Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

No exceptions noted.

- 22) Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree 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).

No exceptions noted.

Fraud Notice

- 23) Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No exceptions noted.

- 24) Observe that 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.

No exceptions noted.

Information Technology Disaster Recovery/Business Continuity

- 25) Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- ee. Obtain and inspect 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 observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Sexual Harassment

- 26) Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

No exceptions noted.

Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

We performed the procedures and noted that there was no sexual harassment report available for our review.

Response: We now have a policy in place where every employee completes the sexual harassment training in the summer and new employees after they onboard.

- a. Number and percentage of public servants in the agency who have completed the training requirements;

None

- b. Number of sexual harassment complaints received by the agency;

None

- c. Number of complaints which resulted in a finding that sexual harassment occurred;

None

- d. Amount of time it took to resolve each complaint.

None

We were engaged by Redesign Schools of Louisiana 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 Redesign Schools of Louisiana 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.

Bruno & Tervalon, LLP

New Orleans, Louisiana

December 14, 2022