

**FRENCH AND MONTESSORI  
EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

Annual Financial Statements

June 30, 2017



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## Independent Auditor's Report

To the Board of Directors  
French and Montessori Education, Inc.  
d/b/a Audubon Charter School  
New Orleans, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of French and Montessori Education, Inc., d/b/a Audubon Charter School (the School), which comprise the statement of financial position as of June 30, 2017, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements (collectively, financial statements).

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2017, 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.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of board of directors and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The performance and statistical data, included as schedules 1 through 9, is not a required part of the basic financial statements, but is supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the independent accountant's report on applying agreed-upon procedures. However, we did not audit this information and, accordingly, express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2017, on our consideration of the School'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA  
September 27, 2017

FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Statement of Financial Position  
June 30, 2017

<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 3,308,430
Accounts Receivable	516,746
Interest Receivable	7,914
Prepaid Expenses	<u>12,383</u>
<b>Total Current Assets</b>	<u>3,845,473</u>
<b>Other Assets</b>	
Investments	<u>1,366,119</u>
<b>Fixed Assets</b>	
Computers	498,524
Improvements	728,981
Accumulated Depreciation	<u>(412,368)</u>
<b>Total Fixed Assets, Net</b>	<u>815,137</u>
<b>Total Assets</b>	<u>\$ 6,026,729</u>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 114,055
Accrued Expenses	105,574
Deferred Revenue	<u>92,139</u>
<b>Total Liabilities</b>	<u>311,768</u>
<b>Net Assets</b>	
Unrestricted	<u>5,714,961</u>
<b>Total Net Assets</b>	<u>5,714,961</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 6,026,729</u>

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

**FRENCH AND MONTESSORI EDUCATION, INC.**  
**D/B/A AUDUBON CHARTER SCHOOL**  
**NEW ORLEANS, LOUISIANA**  
**Statement of Activities**  
**For the Year Ended June 30, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>Revenue, Grants, Support, and Gains</b>			
State and Local Public School Funding	\$ 7,507,902	\$ -	\$ 7,507,902
Federal Grants	938,054	-	938,054
Other State Funding	498,103	-	498,103
Student Activity Revenue	466,752	-	466,752
Donations	208,031	-	208,031
Fee Revenue	176,082	-	176,082
Income from Meals	75,589	-	75,589
Interest Income	54,484	-	54,484
Other Income	5,143	-	5,143
Net Realized and Unrealized Loss on Investments	(23,877)	-	(23,877)
<b>Total Revenue, Grants, Support, and Gains</b>	<b>9,906,263</b>	<b>-</b>	<b>9,906,263</b>
<b>Expenses</b>			
Program Services			
Regular Education Programs	4,600,465	-	4,600,465
Special Education Programs	552,090	-	552,090
Special Programs	502,063	-	502,063
Other Instructional Programs	413,728	-	413,728
Pupil Support Services	217,988	-	217,988
Instructional Staff Services	299,899	-	299,899
School Administration	818,210	-	818,210
Operations and Maintenance of Plant Services	598,345	-	598,345
Food Service	334,954	-	334,954
Depreciation	54,448	-	54,448
Other Support Services	827	-	827
Management and General			
General Administration	168,756	-	168,756
Business Services	428,670	-	428,670
Central Services	160,194	-	160,194
<b>Total Expenses</b>	<b>9,150,637</b>	<b>-</b>	<b>9,150,637</b>
<b>Change in Net Assets</b>	<b>755,626</b>	<b>-</b>	<b>755,626</b>
<b>Net Assets, Beginning of Year</b>	<b>4,959,335</b>	<b>-</b>	<b>4,959,335</b>
<b>Net Assets, End of Year</b>	<b>\$ 5,714,961</b>	<b>\$ -</b>	<b>\$ 5,714,961</b>

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

**FRENCH AND MONTESSORI EDUCATION, INC.**  
**D/B/A AUDUBON CHARTER SCHOOL**  
**NEW ORLEANS, LOUISIANA**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 755,626
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Net Realized and Unrealized Loss on Investments	23,877
Depreciation	54,448
(Increase) Decrease in Assets	
Accounts Receivable	443,801
Interest Receivable	1,786
Prepaid Expenses	177,426
Increase (Decrease) in Liabilities	
Accounts Payable	(162,480)
Accrued Liabilities	24,492
Deferred Revenue	<u>(22,046)</u>
<b>Total Adjustments</b>	<u>541,304</u>
<b>Net Cash Provided by Operating Activities</b>	<u>1,296,930</u>
<b>Cash Flows from Investing Activities</b>	
Sale of Investments	446,193
Purchases of Fixed Assets	<u>(702,158)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(255,965)</u>
<b>Net Increase in Cash</b>	1,040,965
<b>Cash, Beginning of Year</b>	<u>2,267,465</u>
<b>Cash, End of Year</b>	<u><u>\$ 3,308,430</u></u>

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

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

**Organization**

French and Montessori Education, Inc. (FAME) was created as a non-profit corporation under the laws of the State of Louisiana on October 28, 2005. FAME applied to the Orleans Parish School Board (OPSB) to operate a Type 3 charter school. On January 12, 2006, the OPSB approved the charter of Audubon Charter School (the School). The initial charter was granted for a minimum of five years and subsequently renewed for another five-year term during 2011. On May 20, 2017, the School entered into a ten (10) year charter school operating agreement with the OPSB commencing July 1, 2017 and expiring June 30, 2027. Under this new agreement, the School will operate as its own Local Education Authority (LEA). The School serves eligible students in pre-kindergarten through eighth grade.

The formation of the School was in response to the devastation left by Hurricane Katrina. Accordingly, the Orleans Parish School Board is allowing the School to operate in the building formerly used by the Audubon Montessori School (a school of the Orleans Parish School Board) rent free.

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Financial Statement Presentation**

The School follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of the *Not-for-Profit Entities* Topic of the FASB ASC, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. Restricted contributions, for which the restriction is met in the same year, are classified as unrestricted.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Revenues**

The School's primary source of funding is through the State Public School Fund and the Orleans Parish School Board. The School received \$7,507,902 from the State and OPSB based on eligible students in attendance paid on a monthly basis. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

**Cash**

During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received from individuals or entities who specified the use of the contribution. At June 30, 2017, there were no restricted cash balances.

**Statement of Cash Flows**

For purposes of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2017, the School had no cash equivalents.

**Fair Values of Financial Instruments**

The School follows the provisions of the *Fair Value Measurement* Topic of the FASB ASC. Accordingly, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy under Topic 820 are described as follows:

**Level 1** - Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the School can access at the measurement date.

FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA

Notes to Financial Statements

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Note 1. Summary of Significant Accounting Policies (Continued)

Fair Values of Financial Instruments (Continued)

**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

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

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

**Level 3** - Inputs that are unobservable inputs for the asset or liability.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

1. *Common Stocks*. Valued at the closing price reported on the active market on which the individual securities are traded.
2. *Self-Directed Brokerage Accounts*. Accounts primarily consist of mutual funds and common stocks that are valued on the basis of readily determinable market prices.
3. *Corporate Bonds*. Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, those corporate bonds are valued under a discounted cash flow approach that maximizes observable inputs, such as current yields or similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.
4. *Mutual Funds*. Valued at the daily closing price as reported by the fund. Mutual funds held by the School are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the School are deemed to be actively traded.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Fair Values of Financial Instruments (Continued)**

5. *Stable Value Collective Trust Fund.* A stable value fund that is composed primarily of fully benefit-responsive investment contracts that is valued at the net asset value of units of the bank collective trust. The net asset value is used as a practical expedient to estimate fair value. This practical expedient would not be used if it is determined to be probable that the fund will sell the investment for an amount different from the reported net asset value. Participant transactions (purchases and sales) may occur daily. If the School initiates a full redemption of the collective trust, the issuer reserves the right to require 12 months' notification in order to ensure that securities liquidations will be carried out in an orderly business manner.
6. *U.S. Government Securities.* Valued using pricing models maximizing the use of observable inputs for similar securities.

The table in Note 8 sets forth by level, within the fair value hierarchy, the School's assets at fair value as of June 30, 2017. Classification within the fair value hierarchy table is based on the lowest level of any input that is significant to the fair value measurement.

**Investments**

In accordance with the *Not-for-Profit Entities* Topic of the FASB ASC, the School's investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair value in the statement of financial position. Unrealized and realized gains and losses are included in the change in net assets. Investments, consisting of certificates of deposit with original maturities greater than three months, are reported at original cost plus accrued interest. Dividend and interest income is accrued when earned.

**Fixed Assets and Depreciation**

Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation expense for the year ended June 30, 2017, was \$54,448.

**Income Taxes**

The School is recognized by the Internal Revenue Service as a Section 501(c)(3) tax-exempt organization. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Income Taxes (Continued)**

The School believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, are included in income tax expense.

**Concentrations**

The School received 76% of its revenues in the year ended June 30, 2017, from the Orleans Parish School Board, subject to its charter school contract with the School Board, 5% from other Louisiana state grant programs, and 9% of its funding from the federal government.

All of the students and employees of the School live in the Greater New Orleans area.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be recovered. The School periodically maintains cash in bank accounts in excess of insured limits. As of June 30, 2017, the School's bank balances were \$2,868,976. Balances insured by the Federal Deposit Insurance Corporation (FDIC), which covers the total balance of accounts up to \$250,000 per financial institution, totaled \$341,686. Deposits of \$2,527,290 were collateralized by securities pledged by the School's bank. In addition, \$47,662 was in a money market fund comprised of governmental securities which therefore is not subject to custodial credit risk and \$454,046 of proceeds of certificates of deposits was outstanding at June 30, 2017.

**Reversionary Interest in Funds and Assets**

All funds received from the Louisiana Department of Education, United States Department of Education, or other state or federal agencies are to be used for educational purposes as described in the School's charter agreement and grant awards. These agencies, however, have a reversionary interest in these funds, as well as any assets acquired with these funds. Should the charter agreement not be renewed, those funds and assets will transfer to the appropriate agency.

**Note 2. Cash**

The School's cash (book balances) at June 30, 2017, was \$3,308,430, which is stated at cost and approximates market.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 3. Investments**

Investments consisted of the following, as of June 30, 2017:

	<b>Fair Market Value</b>	<b>Cost or Assigned Amount</b>
Long-Term Certificates of Deposit	\$ 515,478	\$ 515,478
U.S. Treasury Bonds	262,151	264,388
Corporate Bonds	269,274	266,005
Mortgage Pass-Through Securities	177,786	179,862
Mutual Funds	131,060	131,646
Sovereign Debt	10,370	10,158
<b>Total</b>	<b>\$ 1,366,119</b>	<b>\$ 1,367,537</b>

**Note 4. Accounts Receivable**

As of June 30, 2017, accounts receivable totaled \$516,746, which includes receivables for Minimum Foundation Program (MFP) payments, federal grants, and state grants passed through the Orleans Parish School Board. These receivables are considered to be fully collectible.

**Note 5. Deferred Revenue**

As of June 30, 2017, deferred revenue of \$92,139 consisted of pre-K fees and consumables fees collected for the 2016-2017 school year.

**Note 6. Accrued Expenses**

Accrued expenses consisted of the following, as of June 30, 2017:

Payroll Deductions and Withholdings	\$ 28,187
Accrued Payroll	<u>77,387</u>
<b>Total</b>	<b><u>\$ 105,574</u></b>

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 7. Retirement Plan**

Certain employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). The TRSL is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows.

**Plan Description**

The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123. At June 30, 2016, the TRSL was 62.4% funded.

**Funding Policy**

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the year ended June 30, 2017, the employer contribution rate was 25.5%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contribution to the plan for the year ended June 30, 2017, was \$1,174,706.

**Note 8. Fair Value of Financial Instruments**

The School's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the *Fair Value Measurement* Topic of the FASB ASC. See Note 1 for a description of the School's accounting policies and valuation procedures.

The valuation of the School's assets measured at fair value on a recurring basis at June 30, 2017, was as follows:

	Level 1	Level 2	Level 3	Fair Value Total
Investments				
Long-Term Certificates of Deposit	\$ 515,478	\$ -	\$ -	\$ 515,478
U.S. Treasury Bonds	262,151	-	-	262,151
Corporate Bonds	269,274	-	-	269,274
Mortgage Pass-Through Securities	-	177,786	-	177,786
Mutual Funds	131,060	-	-	131,060
Sovereign Debt	10,370	-	-	10,370
<b>Total Investments</b>	<b>\$ 1,188,333</b>	<b>\$ 177,786</b>	<b>\$ -</b>	<b>\$ 1,366,119</b>

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 8. Fair Value of Financial Instruments (Continued)**

The FASB issued a standards update pertaining to *Fair Value Measurement and Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share*. Fair values are determined by the use of calculated net asset value per ownership share.

The following disclosure is made in accordance with the requirements of the *Financial Instruments* Topic of the FASB ASC. Financial instruments are defined as cash and contractual rights and obligations that require settlement, directly or indirectly, in cash.

Listed below are the carrying amounts of financial instruments which approximate fair value at June 30, 2017:

	<b>Carrying Amount</b>	<b>Fair Value</b>
<b>Financial Assets</b>		
Cash	\$ 3,308,430	\$ 3,308,430
Program-Related Receivables	516,746	516,746
Interest Receivable	7,914	7,914
Investments	1,367,537	1,366,119
<b>Financial Liabilities</b>		
Accounts Payable	114,055	114,055
Accrued Expenses	105,574	105,574

**Note 9. Restrictions on Net Assets**

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made. None of the temporarily restricted net assets are time-restricted by donors.

Temporarily restricted net assets as of June 30, 2017, totaled \$-0-.

**Note 10. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 27, 2017, and determined that no following events occurred that require disclosure.

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

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

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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
French and Montessori Education, Inc.  
d/b/a Audubon Charter School  
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of French and Montessori Education, Inc., d/b/a Audubon Charter School (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2017, 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 24:514-1. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated 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:

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of 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
  - Nonpublic Transportation Revenue

Findings:

None

### Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers" (Schedule 4) to the combined total number of full time classroom teachers per this schedule and to the School's supporting payroll records as of October 1<sup>st</sup>.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of principals, assistant principals, and full time classroom teachers by classification as of October 1<sup>st</sup> and as reported on the schedule. We traced 25 of the teachers to the individual's personnel file to determine if the individual's education level was properly classified on the schedule.

#### Findings:

We noted that two (2) of the twenty-five (25) employees selected for testing were not certified as of October 1, 2016 but were listed as certified on Schedule 2. Per review of the supporting documentation, one (1) employee's certification had expired prior to October 1, 2016 and one (1) employee's certification went into effect after October 1, 2016. These employees have been corrected on Schedule 2.

### Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

#### Findings:

None

### Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers (Schedule 4)

6. We obtained a list of principals, assistant principals, and full time classroom teachers by classification as of October 1<sup>st</sup> and as reported on the schedule, and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

#### Findings:

None

Public School Staff Data: Average Salaries (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full time equivalents as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full time equivalents reported on the schedule.

Findings:

None

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1<sup>st</sup> roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

Findings:

None

Graduation Exit Exam (GEE) (Schedule 8)

11. Not applicable.

iLEAP Test Results (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

Findings:

None

This agreed-upon procedures engagement was performed 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.

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the School, as required by Louisiana Revised Statute 24:514.1, 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
September 27, 2017

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedules Required by Louisiana State Law  
(R.S. 24:514 - Performance and Statistical Data)  
As of and for the Year Ended June 30, 2017**

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

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 - Education Levels of Public School Staff**

This schedule includes the certificated and uncertificated number and percentage of full time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D. or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 3 - Number and Type of Public Schools**

This schedule includes the number of elementary, middle/junior high, secondary, and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 4 - Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers**

This schedule includes the number of years of experience in teaching for principals, assistant principals, and full time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 5 - Public School Staff Data: Average Salaries**

This schedule includes average classroom teachers' salary using full time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**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. This data is currently reported to the Legislature in the Annual School Report (ASR).

**Schedule 7 - Louisiana Educational Assessment Program (LEAP)**

This schedule represents student performance testing data and includes summary scores for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule contains three years of data.

**Schedule 8 - Graduation Exit Exam (GEE)**

Not applicable.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedules Required by Louisiana State Law  
(R.S. 24:514 - Performance and Statistical Data) (Continued)  
As of and for the Year Ended June 30, 2017**

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**Schedule 9 - iLEAP Test Results**

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, and 7 in each category tested. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the state. This schedule includes three years of data.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2017**

**General Fund Instructional and Equipment Expenditures**

**General Fund Instructional Expenditures**

<b>Teacher and Student Interaction Activities</b>	
Classroom Teacher Salaries	\$ 2,647,090
Other Instructional Staff Salaries	794,247
Instructional Staff Employee Benefits	1,261,584
Purchased Professional and Technical Services	115,973
Instructional Materials and Supplies	32,342
Instructional Equipment	<u>71,885</u>
<b>Total Teacher and Student Interaction Activities</b>	<b>\$ 4,923,121</b>
Other Instructional Activities	39,598
Pupil Support Services	217,988
Less: Equipment for Pupil Support Services	<u>-</u>
<b>Net Pupil Support Services</b>	<b>217,988</b>
Instructional Staff Services	276,830
Less: Equipment for Instructional Staff Services	<u>-</u>
<b>Net Instructional Staff Services</b>	<b>276,830</b>
School Administration	781,985
Less: Equipment for School Administration	<u>-</u>
<b>Net School Administration</b>	<b><u>781,985</u></b>
<b>Total General Fund Instructional Expenditures</b>	<b><u>\$ 6,239,522</u></b>
<b>Total General Fund Equipment Expenditures</b>	<b><u>\$ 71,885</u></b>

**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>
<b>Total Local Taxation Revenue</b>	<b><u>\$ -</u></b>

**Local Earnings on Investment in Real Property**

Earnings from 16 <sup>th</sup> Section Property	\$ -
Earnings from Other Real Property	<u>-</u>
<b>Total Local Earnings on Investment in Real Property</b>	<b><u>\$ -</u></b>

**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>
<b>Total State Revenue in Lieu of Taxes</b>	<b><u>\$ -</u></b>

Nonpublic Textbook Revenue	<u>\$ -</u>
Nonpublic Transportation Revenue	<u>\$ -</u>

See independent accountant's report on applying agreed-upon procedures.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Education Levels of Public School Staff  
As of October 1, 2016**

Category	Full Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	28	67%	9	60%				
Master's Degree	13	31%	6	40%	1	50%	1	100%
Master's Degree +30					1	50%		
Ph. D. or Ed. D.	1	2%						
<b>Total</b>	<b>42</b>	<b>100%</b>	<b>15</b>	<b>100%</b>	<b>2</b>	<b>100%</b>	<b>1</b>	<b>100%</b>

See independent accountant's report on applying agreed-upon procedures.

FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Number and Type of Public Schools  
For the Year Ended June 30, 2017

Type	Number
Elementary	1
Middle/Jr. High	
Secondary	
Combination	
<b>Total</b>	<b>1</b>

See independent accountant's report on applying agreed-upon procedures.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Experience of Public Principals, Assistant Principals,  
and Full Time Classroom Teachers  
As of October 1, 2016**

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ Yrs.	Total
Assistant Principals			2					2
Principals				1				1
Classroom Teachers	14	11	11	6	3	6	6	57
<b>Total</b>	<b>14</b>	<b>11</b>	<b>13</b>	<b>7</b>	<b>3</b>	<b>6</b>	<b>6</b>	<b>60</b>

See independent accountant's report on applying agreed-upon procedures.

FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Public School Staff Data: Average Salaries  
For the Year Ended June 30, 2017

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	\$46,876	\$46,876
Average Classroom Teachers Salary Excluding Extra Compensation	\$48,650	\$48,650
Number of Teacher Full Time Equivalents (FTEs) Used in Computation of Average Salaries	55.27	55.27

See independent accountant's report on applying agreed-upon procedures.

FRENCH AND MONTESSORI EDUCATION, INC.  
 D/B/A AUDUBON CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Class Size Characteristics  
 As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	63%	300	26%	122	11%	54	0%	1
Elementary Activity Classes								

See independent accountant's report on applying agreed-upon procedures.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Louisiana Educational Assessment Program (LEAP)  
For the Year Ended June 30, 2017**

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2017		2016		2015		2017		2016		2015		2017		2016		2015		2017		2016		2015	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 4</b>																								
Advanced	13	15%	24	28%	N/A	N/A	4	5%	18	21%	N/A	N/A	7	8%	12	14%	7	9%	N/A	N/A	N/A	N/A	3	4%
Mastery	40	48%	36	41%	N/A	N/A	35	41%	28	32%	N/A	N/A	15	18%	28	32%	15	20%	N/A	N/A	N/A	N/A	19	26%
Basic	22	26%	17	20%	N/A	N/A	22	26%	25	29%	N/A	N/A	44	52%	27	31%	43	59%	N/A	N/A	N/A	N/A	45	60%
Approaching Basic	8	9%	9	10%	N/A	N/A	19	22%	13	15%	N/A	N/A	13	15%	19	22%	7	9%	N/A	N/A	N/A	N/A	5	7%
Unsatisfactory	2	2%	1	1%	N/A	N/A	5	6%	3	3%	N/A	N/A	6	7%	1	1%	2	3%	N/A	N/A	N/A	N/A	2	3%
<b>Total</b>	<b>85</b>	<b>100%</b>	<b>87</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>85</b>	<b>100%</b>	<b>87</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>85</b>	<b>100%</b>	<b>87</b>	<b>100%</b>	<b>74</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>74</b>	<b>100%</b>
District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2017		2016		2015		2017		2016		2015		2017		2016		2015		2017		2016		2015	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
<b>Grade 8</b>																								
Advanced	16	26%	19	29%	N/A	N/A	8	13%	8	12%	N/A	N/A	3	5%	9	14%	1	2%	N/A	N/A	N/A	N/A	3	5%
Mastery	33	53%	38	58%	N/A	N/A	44	71%	38	58%	N/A	N/A	17	27%	25	38%	21	36%	N/A	N/A	N/A	N/A	22	37%
Basic	10	16%	7	11%	N/A	N/A	7	11%	15	23%	N/A	N/A	36	58%	28	43%	28	47%	N/A	N/A	N/A	N/A	32	54%
Approaching Basic	3	5%	1	2%	N/A	N/A	3	5%	3	5%	N/A	N/A	6	10%	2	3%	9	15%	N/A	N/A	N/A	N/A	1	2%
Unsatisfactory	0	0%	0	0%	N/A	N/A	0	0%	1	2%	N/A	N/A	0	0%	1	2%	0	0%	N/A	N/A	N/A	N/A	1	2%
<b>Total</b>	<b>62</b>	<b>100%</b>	<b>65</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>62</b>	<b>100%</b>	<b>65</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>62</b>	<b>100%</b>	<b>65</b>	<b>100%</b>	<b>59</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>59</b>	<b>100%</b>

The LEAP was not administered for English and Mathematics for Grades 4 and 8 for the 2014-2015 school year.  
The LEAP was not administered for Social Studies for Grades 4 and 8 for the 2015-2016 and 2016-2017 school years.

See independent accountant's report on applying agreed-upon procedures.

FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Graduation Exit Exam (GEE)  
For the Year Ended June 30, 2017

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The School does not have grades 10 or 11; therefore, this schedule does not apply.

See independent accountant's report on applying agreed-upon procedures.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
iLEAP Test Results  
For the Year Ended June 30, 2017**

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2017		2016		2015		2017		2016		2015		2017		2016		2015		2017		2016		2015	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
<b>Grade 3</b>																								
Advanced	7	8%	4	5%	N/A	N/A	7	8%	4	5%	N/A	N/A	9	10%	7	9%	7	12%	N/A	N/A	N/A	N/A	1	2%
Mastery	54	60%	40	49%	N/A	N/A	31	34%	33	41%	N/A	N/A	17	19%	20	25%	20	33%	N/A	N/A	N/A	N/A	18	30%
Basic	18	20%	17	21%	N/A	N/A	33	37%	27	33%	N/A	N/A	49	55%	36	43%	21	35%	N/A	N/A	N/A	N/A	34	56%
Approaching Basic	8	9%	11	14%	N/A	N/A	11	12%	12	15%	N/A	N/A	11	12%	15	19%	10	17%	N/A	N/A	N/A	N/A	7	12%
Unsatisfactory	3	3%	9	11%	N/A	N/A	8	9%	5	6%	N/A	N/A	4	4%	3	4%	2	3%	N/A	N/A	N/A	N/A	0	0%
<b>Total</b>	<b>90</b>	<b>100%</b>	<b>81</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>90</b>	<b>100%</b>	<b>81</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>90</b>	<b>100%</b>	<b>81</b>	<b>100%</b>	<b>80</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>60</b>	<b>100%</b>

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2017		2016		2015		2017		2016		2015		2017		2016		2015		2017		2016		2015	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
<b>Grade 5</b>																								
Advanced	5	5%	8	10%	N/A	N/A	3	3%	8	10%	N/A	N/A	9	10%	4	5%	13	14%	N/A	N/A	N/A	N/A	14	15%
Mastery	54	58%	42	52%	N/A	N/A	35	37%	22	27%	N/A	N/A	30	32%	25	31%	22	23%	N/A	N/A	N/A	N/A	21	22%
Basic	26	28%	24	30%	N/A	N/A	22	24%	31	39%	N/A	N/A	34	37%	40	49%	45	48%	N/A	N/A	N/A	N/A	46	49%
Approaching Basic	7	8%	5	6%	N/A	N/A	25	27%	18	22%	N/A	N/A	14	15%	11	14%	14	15%	N/A	N/A	N/A	N/A	10	11%
Unsatisfactory	1	1%	2	2%	N/A	N/A	8	9%	2	2%	N/A	N/A	6	6%	1	1%	0	0%	N/A	N/A	N/A	N/A	3	3%
<b>Total</b>	<b>93</b>	<b>100%</b>	<b>81</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>93</b>	<b>100%</b>	<b>81</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>93</b>	<b>100%</b>	<b>81</b>	<b>100%</b>	<b>94</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>94</b>	<b>100%</b>

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2017		2016		2015		2017		2016		2015		2017		2016		2015		2017		2016		2015	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
<b>Grade 6</b>																								
Advanced	10	13%	16	18%	N/A	N/A	4	5%	12	13%	N/A	N/A	6	8%	10	11%	9	12%	N/A	N/A	N/A	N/A	27	37%
Mastery	39	49%	50	55%	N/A	N/A	30	38%	20	22%	N/A	N/A	22	28%	27	30%	27	37%	N/A	N/A	N/A	N/A	21	29%
Basic	25	31%	21	23%	N/A	N/A	32	40%	34	38%	N/A	N/A	45	55%	36	38%	33	46%	N/A	N/A	N/A	N/A	25	34%
Approaching Basic	5	6%	3	3%	N/A	N/A	13	16%	21	23%	N/A	N/A	6	8%	16	18%	4	5%	N/A	N/A	N/A	N/A	0	0%
Unsatisfactory	1	1%	1	1%	N/A	N/A	1	1%	4	4%	N/A	N/A	1	1%	2	2%	0	0%	N/A	N/A	N/A	N/A	0	0%
<b>Total</b>	<b>80</b>	<b>100%</b>	<b>91</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>80</b>	<b>100%</b>	<b>91</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>80</b>	<b>100%</b>	<b>91</b>	<b>100%</b>	<b>73</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>73</b>	<b>100%</b>

District Achievement Level Results	English Language Arts						Mathematics						Science						Social Studies					
	2017		2016		2015		2017		2016		2015		2017		2016		2015		2017		2016		2015	
	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%	Nbr.	%
<b>Grade 7</b>																								
Advanced	21	25%	33	45%	N/A	N/A	6	7%	7	10%	N/A	N/A	11	13%	17	23%	13	18%	N/A	N/A	N/A	N/A	12	17%
Mastery	37	43%	30	41%	N/A	N/A	37	44%	36	49%	N/A	N/A	39	46%	23	32%	33	46%	N/A	N/A	N/A	N/A	29	41%
Basic	20	24%	7	10%	N/A	N/A	28	33%	23	32%	N/A	N/A	24	28%	29	40%	22	31%	N/A	N/A	N/A	N/A	24	34%
Approaching Basic	5	6%	3	4%	N/A	N/A	12	14%	6	8%	N/A	N/A	10	12%	3	4%	3	5%	N/A	N/A	N/A	N/A	6	8%
Unsatisfactory	2	2%	0	0%	N/A	N/A	2	2%	1	1%	N/A	N/A	1	1%	1	1%	0	0%	N/A	N/A	N/A	N/A	0	0%
<b>Total</b>	<b>85</b>	<b>100%</b>	<b>73</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>85</b>	<b>100%</b>	<b>73</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>85</b>	<b>100%</b>	<b>73</b>	<b>100%</b>	<b>71</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>71</b>	<b>100%</b>

The iLEAP was not administered for English and Mathematics for Grades 3, 5, 6, and 7 for the 2014-2015 school year.  
 The iLEAP was not administered for Social Studies for Grades 3, 5, 6, and 7 for the 2015-2016 school year.  
 The iLEAP Social Studies scores for the 2016-2017 school year were not released as of the date of the audit report.

See independent accountant's report on applying agreed-upon procedures.

## **SUPPLEMENTARY INFORMATION**

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Board of Directors  
For the Year Ended June 30, 2017**

<b>Board Members</b>	<b>Compensation</b>
Dr. Erica A. Murray (Chair)	\$-0-
Javier Jalice (Vice Chair)	\$-0-
Eva Alito (Secretary)	\$-0-
Calvin Tregre (Treasurer)	\$-0-
Byron Lilly	\$-0-
Omar K. Mason	\$-0-
Gregor Trumel	\$-0-
Derek D. Bardell	\$-0-
Brendan Connick	\$-0-
Ramona Fernandez	\$-0-
Rachel Kirschman	\$-0-
Dorcas Omojola	\$-0-
Melissa Russell	\$-0-

See independent auditor's report.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Compensation, Benefits, and Other Payments  
to Agency Head  
For the Year Ended June 30, 2017**

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**Agency Head**  
Latoye Brown, Principal

<b>Purpose</b>	<b>Amount</b>
Salary	\$110,001
Benefits - Insurance	\$4,888
Benefits - Retirement	\$28,081
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$4,714
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Directors  
French and Montessori Education, Inc.  
d/b/a Audubon Charter School  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of French and Montessori Education, Inc., d/b/a Audubon Charter School (the School), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
September 27, 2017

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Directors  
French and Montessori Education, Inc.  
d/b/a Audubon Charter School  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited French and Montessori Education, Inc., d/b/a Audubon Charter School's (the School), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2017. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the School's major federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the School's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the School's compliance.

### **Opinion on Major Federal Programs**

In our opinion, the School 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 programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

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



A Professional Accounting Corporation

Covington, LA  
September 27, 2017

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal Expenditures
<b><u>United States Department Agriculture</u></b>			
Passed through the Louisiana Department of Agriculture			
Child Nutrition Cluster			
School Breakfast Program	10.553	Unknown	\$ 28,552
National School Lunch Program	10.555	Unknown	150,830
Total Child Nutrition Cluster			<u>179,382</u>
Child and Adult Care Food Program	10.558	Unknown	<u>67,156</u>
Total United States Department of Agriculture			<u>246,538</u>
<b><u>United States Department of Transportation</u></b>			
Passed through the Orleans Parish School Board			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	H.010112	<u>55,935</u>
Total United States Department of Transportation			<u>55,935</u>
<b><u>United States Department of Education</u></b>			
Passed through the Orleans Parish School Board			
Title I Grants to Local Education Agencies (LEAs) *	84.010A	28-17-T1-36	392,669
Special Education - Grants to States (IDEA, Part B)	84.027A	28-18-B1-36	99,716
Fund for the Improvement of Education	84.215G	SG215G140129	44,901
Title II Improving Teacher Quality State Grants	84.367A	28-17-50-36	<u>23,368</u>
Total United States Department of Education			<u>560,654</u>
<b><u>United States Department of Health and Human Services</u></b>			
Passed through the Orleans Parish School Board			
Temporary Assistance for Needy Families (TANF)	93.558B	28-17-36-36	<u>74,927</u>
Total United States Department of Health and Human Services			<u>74,927</u>
Total Expenditures of Federal Awards			<u>\$ 938,054</u>

\* Denotes Major Program

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017**

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**Section I. Summary of Auditor's Results**

Financial Statements

- |  |               |
|--|---------------|
| 1) Type of auditor's report  | Unmodified    |
| 2) Internal control over financial reporting and compliance and other matters    |               |
| a) Material weaknesses identified?   | No            |
| b) Significant deficiencies identified not considered to be material weaknesses? | None reported |
| c) Noncompliance noted?  | No            |
| 3) Management letter comment provided?   | None          |

Federal Awards

- |   |               |
|---|---------------|
| 4) Internal control over major programs   |               |
| a) Material weaknesses identified?  | No            |
| b) Significant deficiencies identified not considered to be material weaknesses?            | None reported |
| 5) Type of auditor's report issued on compliance for major programs                         | Unmodified    |
| 6) Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? | No            |
| 7) Identification of major programs   |               |
| 84.010A - Title I Grants to Local Education Agencies  |               |
| 8) Dollar threshold used to distinguish between Type A and B programs                       | \$750,000     |
| 9) Auditee qualified as a low-risk auditee under Uniform Guidance                           | No            |

**Section II. Internal Control Over Financial Reporting**

None.

**Section III. Findings and Questioned Costs Related to Major Federal Award Programs**

None.

**FRENCH AND MONTESSORI EDUCATION, INC.  
D/B/A AUDUBON CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 2017**

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**Section II. Internal Control Over Financial Reporting**

None.

**Section III. Compliance and Other Matters**

None.

**Independent Accountant's Report  
on Applying Agreed-Upon Procedures**

**For the Period of July 1, 2016 - June 30, 2017**

To Audubon Charter School and  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Audubon Charter School (Audubon) 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 year July 1, 2016 through June 30, 2017. Audubon's management is responsible for those C/C areas identified in the SAUPs. 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.

Our procedures and results are as follows:

***Written Policies and Procedures***

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - 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.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts***, including receiving, recording, and preparing deposits.
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - 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.
  - 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, and (5) monitoring card usage.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (LRS) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. Note: Debt service requirements are not applicable to nonprofits.

Results: Audubon's policies and procedures did not address how vendors are added to the system for purchasing. All other applicable functions were addressed in Audubon's policies and procedures. Functions that were determined to not be applicable were items i) Ethics and j) Debt Service.

Management's Response: Audubon does not maintain a listing of approved vendors. We will amend our policies and procedures to include how vendors are added to the purchasing system.

***Board (or Finance Committee, if applicable)***

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
    - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
  - c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Results: During the fiscal year, Audubon's board met thirteen times with a quorum. The board minutes included financial updates which included budget to actual comparison, and other non-budgetary items. Audubon did not have a deficit during the year ended June 30, 2017.

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Results: We obtained management's representation that the listing provided is complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three-year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;
  - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
  - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

Results: For the accounts selected, all monthly bank reconciliations were prepared timely.

Bank statements did not include evidence that a member of management or a board member with no involvement in the transactions associated with the bank account had reviewed each reconciliation.

One bank account selected had \$83,443 in outstanding debits and \$4,120 in outstanding credits that have been outstanding for more than six months as of year end. Another bank account selected had \$1,396 in outstanding debits and \$12,340 in outstanding credits that have been outstanding for more than six months as of year end. There was no documentation that management had researched these items.

Management's Response: Audubon will amend its bank reconciliation procedures to include a review of the bank reconciliation by a person independent of the cash transaction process. Audubon will investigate the remaining items and will submit outstanding items to the Louisiana State Treasurer's Unclaimed Property Division.

### ***Collections***

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5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Results: We obtained management's representation that the listing provided is complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:
- a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
  - b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
  - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
    - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
    - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: We noted one cash collection location, the primary campus location. We noted that employee responsible for collecting cash is covered under a crime insurance policy. We noted that the person responsible for collecting cash also brings the deposit to the bank and records the transaction into the general ledger. We noted that Audubon does not have any formal cash registers or drawers.

Audubon has a formal process to reconcile cash collections to the general ledger, primarily through bank reconciliations performed by a person who is not responsible for cash collections.

Out of four collections tested, we noted that one item was deposited two days after receipt. The other three collections were deposited within one day of collection.

Management's Response: Audubon will separate cash receipt functions so that cash receipt, preparation of deposit, recording of receipt and taking deposit to bank are separated. Audubon temporarily stores all cash receipts on site in a secure safe until it is practical to make a deposit. Audubon will enact procedures to ensure that deposits are made daily if the safe cash balance exceeds \$200.

7. Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Results: As Audubon is a charter school, its major sources of revenues are monthly Minimum Foundation Program payments and grant reimbursements. The Director of Finance compares actual revenue to budgeted amounts on a monthly basis.

***Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

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8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Results: We obtained management's representation that the listing provided is complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
  - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
  - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
  - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; (2) a receiving report showing receipt of goods purchased, or electronic equivalent; and (3) an approved invoice.

Results: For all disbursement samples, initiation was performed by using a "Check Request" form, which was provided with the supporting documentation. For three disbursements sampled, approval and initiation on the form were performed by the same person.

Management's Response: Although the check request form was initiated and approved by the same person, the transaction was approved by another person in the check signing process.

10. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Results: We noted that the Finance Clerk and Finance Manager both process payments and add vendors to the system.

Management's Response: Audubon will review the user parameters within the accounting system and will review policies, procedures, and/or limitations to properly and practically address the segregation of duties over the addition of vendors to the accounting system and the ability to process payments.

11. Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Results: We noted that personnel that authorize disbursements have no responsibility of initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Results: We noted that blank check stock is maintained in a locked office with access restriction. We noted that access to print checks is restricted to those persons that do not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Results: Audubon does not use a signature stamp or machine. We noted that signed checks are returned to the accounting department for mailing.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

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

Results: This section is not applicable as Audubon does not use credit cards.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.]
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Results: This section is not applicable as Audubon does not use credit cards.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased).
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless of whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Results: This section is not applicable as Audubon does not use credit cards.

### ***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained management's representation that the listing provided is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

Results: We obtained Audubon's policies and procedures for travel expenses. The policy addresses that mileage is reimbursed subject to the Internal Revenue Service guidelines and meals are reimbursed at rates established in the Louisiana DOA travel guide. These amounts do not exceed the GSA rates.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
  - b) Report whether each expense is supported by:
    - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
    - Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating).
    - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
  - c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
  - d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We noted no exceptions in comparing expense reimbursement transactions sampled to policy.

We noted one transaction selected did not include a detailed receipt. All other transactions selected were supported by an original itemized receipt. All transactions selected had documentation of a business/public purpose.

We noted no exceptions in reviewing the transactions' detail against the requirement of Article 7, Section 14 of the Louisiana Constitution.

We noted that all transactions were reviewed and approved by someone other than the person receiving reimbursement.

Management's Response: Audubon will ensure going forward that itemized receipts are provided for all travel reimbursements.

## ***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained management's representation that the listing provided is complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
  - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
  - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: We noted a formal/written contract existed for all sampled contracts.

We noted that two contracts selected were subject to the Louisiana Public Bid Law or Procurement Code and were bid out in compliance with all legal requirements.

We noted that quotes were not solicited as a best practice for the three contracts not subject to the Louisiana Public Bid Law or Procurement Code.

We noted that one contract selected was an amendment of the prior year contract with the same vendor, which was on a per-meal basis for school food service. As such, the amendment value was not quantified.

We noted that the largest payment from each contract agreed to the supporting invoice and contract terms.

We noted that the contracts selected were approved within the board minutes.

Management's Response: Audubon will follow best practices for obtaining quotes for contracts. The organization was able to reduce cost to the playground renovation at the Broadway campus, due to the piggy back of the RFP performed by the Bossier Parish School Board for playground equipment.

### ***Payroll and Personnel***

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22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
  - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Results: We obtained management's representation that the listing provided is complete.

We noted that compensation paid to each employee sampled was in accordance with their employment contract and pay rate structure.

We noted that there were no changes to pay rates/salaries of those selected during the fiscal period.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether 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.)
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: We noted that daily attendance and leave for each employee sampled was documented.

We noted there was written documentation that supervisors approved the attendance and leave of each employee sampled except one employee who was involved in a car accident and was out the rest of the year. This employee did not have a signed leave form as required by policy.

The Director of Finance maintains the leave records for each payroll period during the fiscal year for leave deductions.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: We obtained management's representation that the listing provided is complete.

Termination payments for employees selected were made in accordance with the employees' contracts and were approved by management.

25. Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: The appropriate employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines for all payroll tax and retirement contribution supporting documentation sampled.

### ***Ethics (excluding nonprofits)***

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Results: This section is not applicable as Audubon is a nonprofit.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Results: This section is not applicable as Audubon is a nonprofit.

### ***Debt Service (excluding nonprofits)***

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Results: This section is not applicable as Audubon is a nonprofit.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Results: This section is not applicable as Audubon is a nonprofit.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Results: This section is not applicable as Audubon is a nonprofit.

### ***Other***

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: We noted no instances of misappropriation of public funds or assets, per inquiry with management and the board president.

32. Observe and report whether the entity has posted on its premises and website, the notice required by LRS 24:523.1. This notice (available for download or print at [www.la.la.gov/hotline](http://www.la.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: We noted the LLA hotline notice per LRS 24:523.1 posted on Audubon's website and on its premises.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

Results: No exceptions were noted in obtained management representation.

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This agreed-upon procedures engagement was performed 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 perform, and did not perform, an examination or review, 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.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the results 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

The logo for LaPorte is written in a cursive, handwritten style. The letters 'L', 'a', and 'P' are significantly larger and more ornate than the 'o', 'r', 't', and 'e'. The 'L' and 'P' have large loops, and the 'a' is also stylized.

A Professional Accounting Corporation

Covington, LA  
December 11, 2017