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**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**CONSOLIDATED FINANCIAL STATEMENTS**

**JUNE 30, 2022**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors for  
Advocates for Academic Excellence in Education, Inc. and  
Affiliate d/b/a Benjamin Franklin High School  
New Orleans, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Advocates for Academic Excellence in Education, Inc. and Affiliate d/b/a Benjamin Franklin High School (the School) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the consolidated financial statements).

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the School as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

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

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

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

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

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

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

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

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of board of directors, schedule of compensation, benefits, and other payments to agency head or chief executive officer and the 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*, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records

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

The performance and statistical data, included as Schedules 1 and 2, are not a required part of the consolidated financial statements, but are supplementary information required by Louisiana State Law. We have applied certain limited procedures, which are described in the independent accountants' report on applying agreed-upon procedures, on pages 22 and 23. However, such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

*Postlethwaite & Netterville*

Metairie, Louisiana  
December 22, 2022

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 4,962,575
Grants receivable	2,003,360
Promises to give	77,056
Prepaid expenses	<u>183,584</u>
 Total current assets	 <u>7,226,575</u>

**FIXED ASSETS**

Property and equipment, net	<u>1,237,309</u>
 Total assets	 <u>\$ 8,463,884</u>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	385,121
Accrued expenses	<u>240,109</u>
 Total current liabilities	 <u>625,230</u>

**NET ASSETS**

Without donor restrictions	6,496,298
With donor restrictions	<u>1,342,356</u>
 Total net assets	 <u>7,838,654</u>
 Total liabilities and net assets	 <u>\$ 8,463,884</u>

The accompanying notes are an integral part of this consolidated financial statement.



**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2022**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Revenues and support:</b>			
State and local public school funding	\$ 9,775,736	\$ -	\$ 9,775,736
Grants			
Federal grants	1,652,556	-	1,652,556
Other state grants	7,000	-	7,000
Contributions and donations	401,605	389,494	791,099
In-kind donations	168,170	-	168,170
Student class and course fees	284,036	-	284,036
Student activity fees	182,382	-	182,382
Interest income	2,688	-	2,688
Miscellaneous revenue	50,984	-	50,984
Net assets released from restrictions	236,203	(236,203)	-
	<u>12,761,360</u>	<u>153,291</u>	<u>12,914,651</u>
Total revenues and support			
<b>Expenses:</b>			
Program services			
Student instruction and activities	9,863,514	-	9,863,514
Support services:			
Management and general	2,162,751	-	2,162,751
Fundraising	277,535	-	277,535
Total support services	<u>2,440,286</u>	<u>-</u>	<u>2,440,286</u>
	<u>12,303,800</u>	<u>-</u>	<u>12,303,800</u>
Total expenses			
Change in net assets	457,560	153,291	610,851
<b><u>NET ASSETS AT BEGINNING OF YEAR</u></b>	<u>6,038,738</u>	<u>1,189,065</u>	<u>7,227,803</u>
<b><u>NET ASSETS AT END OF THE YEAR</u></b>	<u>\$ 6,496,298</u>	<u>\$ 1,342,356</u>	<u>\$ 7,838,654</u>

The accompanying notes are an integral part of this consolidated financial statement.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	<b>Program</b>	<b>Support</b>		<b>Total</b>
		<b>Management &amp; General</b>	<b>Fundraising</b>	
Salaries and benefits	\$ 5,353,240	\$ 1,042,316	\$ 168,622	\$ 6,564,178
Employee benefits	1,861,606	362,468	58,639	2,282,713
Materials and supplies	563,277	187,759	-	751,036
Professional services	428,132	142,711	30,438	601,281
Repairs and maintenance services	320,396	106,799	-	427,195
Student activities	74,976	-	-	74,976
Insurance	225,851	75,284	-	301,135
Admin fees	181,912	-	-	181,912
Utilities	120,281	40,094	-	160,375
Communications	113,920	37,973	-	151,893
Textbooks and workbooks	156,424	-	-	156,424
Depreciation	76,852	25,617	-	102,469
Dues and fees	47,854	47,854	12,000	107,708
Technology	198,428	66,143	-	264,571
Meal/travel	59,046	19,682	4,540	83,268
Printing	22,105	7,368	-	29,473
Student transportation	15,810	-	-	15,810
Advertising	12,566	661	265	13,492
Food services	30,420	-	-	30,420
Other expenses	418	22	3,031	3,471
<b>Total expenses</b>	<b>\$ 9,863,514</b>	<b>\$ 2,162,751</b>	<b>\$ 277,535</b>	<b>\$ 12,303,800</b>

The accompanying notes are an integral part of this consolidated financial statement.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$	610,851
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense		102,469
Increase in assets		
Grants receivable		(2,003,360)
Promises to give		(45,337)
Prepaid expenses		(126,721)
Increase (decrease) in liabilities		
Accounts payable		40,299
Accrued expenses		(14,057)
		(1,435,856)
Net cash used in operating activities		(1,435,856)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of property and equipment		(36,630)
Net cash used in investing activities		(36,630)
Net decrease in cash		(1,472,486)
Cash, beginning of year		6,435,061
Cash, end of year	\$	4,962,575

The accompanying notes are an integral part of this consolidated financial statement.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

**Organization**

Advocates for Academic Excellence in Education, Inc., (AAEE, Inc.) which governs Benjamin Franklin High School (the School), was incorporated on October 25, 2005. The School opened in 1957 as a magnet high school under the Orleans Parish School Board (OPSB). In January 2006, the School became a charter school, maintaining its admission requirements, under the governance of AAEE, Inc. and OPSB as the Local Education Authority (LEA). On May 10, 2017, the School amended its operating agreement with OPSB so that, effective July 1, 2017, the School began to operate as its own LEA. The School's mission is to prepare students of high academic achievement to be successful in life. The School provides student instruction and activities programs.

Friends of Franklin (Friends), a nonprofit corporation organized on a non-stock basis, was incorporated in December 2018 as a supporting organization for the benefit of AAEE, Inc. and the School.

OPSB approved the granting of a charter to the School effective June 21, 2011 for a period ending on June 30, 2021, to operate a Type 3 charter school, as defined in Louisiana Revised Statute 17:3973(3)(b). On December 8, 2020, the OPSB voted to renew the charter for a period of 10 years, expiring on June 30, 2031.

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

**Consolidated Financial Statement Presentation**

The accompanying consolidated financial statements include the accounts of AAEE, Inc, and its affiliate, Friends. AAEE, Inc. has controlling financial interest through direct ownership of a majority voting interest in Friends and has an economic interest in Friends. Furthermore, Friends and AAEE, Inc. entered into a memorandum of understanding (MOU) on May 14, 2020, which was superseded by a cooperative endeavor agreement (CEA) on October 15, 2020. The CEA defines the relationship between Friends and AAEE, Inc. Significant intercompany transactions and balances have been eliminated in the consolidation. During the year ended June 30, 2022, Friends' only activity included donations and contributions.

**Basis of Accounting and Presentation of Net Assets**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the consolidated financial statements. The consolidated financial statements of the School are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP), whereby revenues are recognized when earned and expenses are recognized when incurred.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Basis of Accounting and Presentation of Net Assets (continued)**

The School reports information regarding its consolidated financial position and activities according to two classes of net assets:

*Net assets without donor restrictions* - Net assets for general use that are not subject to donor-imposed restrictions.

*Net assets with donor restrictions*: Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash balances represent cash available for general operating purposes and amounts credited to the School's bank accounts from donations received from individuals or entities who specified the use of the contribution. For purposes of the statement of cash flows, the School classifies all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. For the year ended June 30, 2022, the School did not have any cash equivalents.

**Promises to Give**

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises are recorded net of an allowance for doubtful pledges estimated by management. As of June 30, 2022, management believes that all promises to give are fully collectible. Promises to give are due within one year.

**Property and Equipment**

Property and equipment are stated at cost. Repairs and maintenance are charged to expense as incurred. Major additions to physical plant and facilities and betterments with a purchased cost greater than \$5,000 are capitalized. Property and equipment donated to the School are capitalized at the fair market value at the date donated. Depreciation is provided utilizing the straight-line method over estimated useful lives of the assets.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

Compensated Absences

The School provides compensated absences in the form of Personal Time Off and Family Leave. All ten-month employees are provided ten days of paid leave per year to be used for illness or personal leave. All eleven-month employees receive eleven days of paid leave for illness or personal leave. All twelve-month employees receive ten days of paid leave for illness or personal leave and fifteen vacation days. Family Leave is provided when an employee qualifies for leave under the Family Medical Leave Act. The employee shall be eligible to receive 60% of their regular pay for a period of up to two weeks per the rolling period specified by the School's policy. Personal time off is allocated July 1st of each year and is available through June 30th of the following year. Employees are able to bank five unused days from year to year, up to a maximum of ten days. Any remaining time is reported to the Teachers' Retirement System of Louisiana for service credit calculation purposes at retirement.

All other employees receive the same provisions for compensated absences as those under the collective bargaining agreement (CBA), with the exception of the executive cabinet members, who receive twenty vacation days. Compensated absences and the related benefits accrued as of June 30, 2022, totaled \$171,003, which are included in accrued expenses on the consolidated statement of financial position.

Revenues, Grants, and Other Support

*State and Local Public School Funding*

The School's primary source of funding is through the State Public School Fund. The School receives funding per eligible student in attendance on October 1st, payable in monthly installments. The October 1st student count is audited by the Louisiana Department of Education. Adjustments are made in the following year.

*Federal and Other State Grants*

Federal and other state grants are generally on a cost reimbursement basis. An accrual is made when eligible expenses are incurred. Revenues from federal and other state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant-related expenses by the School, or when earned under the terms of the grant.

*Contributions*

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are not recognized until the conditions on which they depend have been substantially met. Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

*In-Kind Donations*

The School records the in-kind value of goods and services contributed to support various activities as support at their estimated fair value on the date of receipt and related expenses when utilized. In-kind support was \$168,170 for the year ended June 30, 2022 and included donations of classroom and building improvements, laptops and other computer equipment, musical instruments, books, registration for academic related competitions, and other items.

*Other Income*

Revenue from other sources, including student activity fees, class fees, course fees, fundraisers, and student meals are recorded and recognized as revenue in the period in which the School provides the service at the amount that reflects the consideration to which the School expects to be entitled for providing the service or good, typically in the period received.

*Contracts vs. Contributions*

The School follows GAAP in their assessment of whether a revenue is an exchange transaction (contract) or contribution (non-contract) and considers factors including commensurate value received, reciprocity, and donor-imposed conditions. Performance obligations are determined based on the nature of the services provided by the School. Revenue from performance obligations satisfied over time is recognized based on actual time incurred in relation to the total expected period of providing the service, which is deemed to be the school year, which is simultaneous with the fiscal year. The School believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to student activity fees, class fees, and course fees. The School measures the performance obligation throughout the school year. Revenue for performance obligations satisfied at a point in time, which include mainly income from meals and are generally immaterial, are recognized when services are provided. The School determines the transaction price based on standard charges for goods or services provided to students, which are predetermined by management. Fees are generally nonrefundable, and total refunds issued annually are considered negligible.

Functional Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. The consolidated statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. The payroll expenses that are allocated are allocated based on management's estimate of periodic time and expense evaluations. The allocated non-payroll expenses are allocated based on management's knowledge that roughly 75% of the operations can be attributed to providing an education to the students enrolled. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School. Expenses allocated during the year ended June 30, 2022 include salaries, employee benefits, payroll tax expense, repairs and maintenance, utilities, advertising, communications, technology, printing, insurance, and depreciation.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

Fundraising Expenses

All expenses associated with fundraising activities are expensed as incurred, including those expenses related to fundraising appeals in a subsequent year.

Advertising

Advertising costs, which are included in program expenses, fundraising expenses, and general and administrative expenses, are expensed as incurred.

Income Taxes

The School is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

GAAP provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. 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 consolidated financial statements.

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

Reversionary Interest in Funds and Assets

All funds received from the Louisiana Department of Education (LDOE), United States Department of Education (USDOE), or other state or federal agency are funds earned by the School to be used for the purpose for which they were acquired. 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.

Recent Accounting Pronouncements - Adopted

As of July 1, 2021, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. The School's adoption of ASU 2020-07 did not have a significant impact on the consolidated financial statements, with the exception of increased disclosure.



**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies (continued)**

**Recent Accounting Pronouncements - Not Yet Adopted**

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for the School's year ending June 30, 2023. Management is currently assessing the impact of this pronouncement on its consolidated financial statements.

**2. Liquidity and Availability**

The School's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the School has available. In addition, the School operates with a budget to monitor sources and uses of funds throughout the year.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consist of the following as of June 30, 2022:

Cash	\$	4,962,575
Grants receivable		2,003,360
Promises to give		<u>77,056</u>
Total	\$	<u>7,042,991</u>

**3. Property and Equipment**

Property and equipment consist of the following as of June 30, 2022:

Building and building improvements	\$	959,504
Machinery and equipment		103,717
Site improvements		<u>677,126</u>
		1,740,347
Less: accumulated depreciation		<u>(503,038)</u>
Property and equipment, net	\$	<u>1,237,309</u>

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**4. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the School or are subject to the passage of time. These restrictions are considered to expire when payments for restricted purposes are made or by occurrence of the passage of time, unless perpetually restricted. Net assets with donor restrictions as of June 30, 2022 are available for the following purposes:

Restricted for purpose:

Class reunion gifts	\$	296,598
Athletics		194,532
Scholarship		111,208
Auditorium		94,408
Academics		70,058
STEAM building		50,000
After school activities		33,715
Library		17,761
Guidance		5,522
Building maintenance		943
Restricted in perpetuity:		
Perpetual endowment		<u>467,611</u>
Total	\$	<u><u>1,342,356</u></u>

As discussed in Note 5, perpetually restricted net assets of \$467,611 as of June 30, 2022 relate to an operating endowment to be held in perpetuity. The income from endowment investments is expendable for operations.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as follows for the year ended June 30, 2022:

Athletics	\$	122,873
After school activities		44,478
Auditorium		42,680
Academics		18,427
Scholarship		7,705
Professional development		<u>40</u>
Total	\$	<u><u>236,203</u></u>

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5. Endowment Fund**

The Endowment

The School's endowment fund (the Endowment) was established primarily for the purpose of maintaining the School and consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The School accounts for donor-restricted funds consistent with the provisions of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the State of Louisiana.

The School's Board of Directors seek to preserve the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the School retains in perpetuity (a) the original value of initial and subsequent gifts donated to the Endowment, and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the School in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the School and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the School; and
- The investment policies of the School.

Endowment net assets were composed of \$467,611 of donor-restricted funds as of June 30, 2022. Changes in endowment net assets for the year ended June 30, 2022 were as follows:

	<b>With Donor Restrictions</b>
Net assets, beginning of year	\$ 345,981
Contributions	121,630
Net assets, end of year	\$ 467,611

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA requires the School to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations. There were no such deficiencies as of June 30, 2022.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5. Endowment Fund (continued)**

Return Objectives and Risk Parameters

Upon accumulating \$500,000 in contributions in the endowment fund, the endowment will be invested with the intention of obtaining general market returns with a minimum amount of investment and management expenses. Until such accumulation occurs, the endowment is invested to maintain preservation of principal.

Strategies Employed for Achieving Objectives

The endowment funds are invested in an interest-bearing savings account.

Spending Policy and How Investment Objectives Relate to the Spending Policy

Spending of interest earned by the endowment funds will be generally related to the operation of the School.

**6. In-Kind Donations**

During the year ended June 30, 2022, the School received contributions of donated goods and services as follows:

Equipment and supplies	\$	126,906
Musical instruments		27,472
Food		7,501
Books		3,447
Professional services		2,844
		<hr/>
	\$	<u>168,170</u>

All donated assets were utilized by the School's programs and supporting services. There were no donor-imposed restrictions associated with donated assets. All donated assets are valued at their fair market price at the time of donation.

**7. Retirement Plan**

Substantially all employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401 (a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of 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, 2021, the TRSL was 83.9% funded.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**7. Retirement Plan (continued)**

For the year ended June 30, 2022, participants were required to contribute 8% of their annual covered payroll to the plan and the School was required to contribute 25.2% of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement System's Actuarial Committee. For the year ended June 30, 2022, the School's contributions to this plan totaled \$1,407,235.

**8. Union Contracts**

On May 15, 2014, the Board of Directors voted to voluntarily recognize the United Teachers of New Orleans, Local 527, LFT, AFT, AFL-CIO (the Union) as the exclusive bargaining representative for the purpose of negotiating a collective bargaining agreement (CBA) under a voluntary recognition agreement to be negotiated by the board president and subject to board approval. On March 19, 2015, the School's Board and the Union finalized the CBA with an initial three-year term including the June 30, 2015 fiscal year and ending June 30, 2017. On September 29, 2017, the School's Board and the Union entered into an updated CBA expiring on June 30, 2021. On August 18, 2021, the School's Board and the Union entered into an updated CBA expiring on June 30, 2025.

As part of the CBA, the School is required to provide certain compensation and benefits to eligible bargaining unit employees, including:

- A salary that is determined using a salary scale approved by the Union and based on years of relevant experience and level of education;
- Provisions for personal leave days as compensated absences (Note 1);
- Continuing to pay 100% of the premium costs up to \$630 (\$7,560 annual) for medical, dental, and vision coverage; and
- Continuing to provide retirement benefits through TRSL or as provided by applicable law.

**9. School Operations / Leasehold Interest**

Effective January 1, 2006, the School entered into an agreement with the OPSB, which allows the School to use the facilities and its contents located at 2001 Leon C. Simon Boulevard or any other locations as may be approved by the School and the OPSB. On June 21, 2011, the OPSB voted to renew the agreement for a period of ten years through June 30, 2021. On December 8, 2020, the OPSB voted again to renew the agreement for a period of ten years through June 30, 2031.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. If capital improvements are made by the School with non-public funds to any site which it operates, and the charter contract is revoked or terminated, the School will be reimbursed for the fair market value of such capital improvements. Assets purchased with public funds or obtained from public sources will automatically revert to the OPSB at the time this agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

Use of the property is not recorded as an in-kind contribution from the OPSB, nor as a related rent expense. The value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**9. School Operations / Leasehold Interest (continued)**

The School entered into a separate lease agreement with the University of New Orleans (UNO), a related party, for additional classroom space. UNO is considered a related party as the president of UNO is a board member for the School. On August 1, 2021, the lease was extended through July 31, 2022. The lease requires monthly payments of \$4,931 during the lease period. On August 1, 2022, the lease was amended and extended through July 31, 2023. The lease requires monthly payments of \$5,984 during the lease period. Future minimum lease payments under this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 70,749
2024	5,984
Total	<u>\$ 76,733</u>

**10. Concentrations of Risk**

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. However, the School has a written policy for custodial credit risk requiring collateralization of uninsured cash deposits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of its cash management practices.

The School received a substantial amount of its revenue through grants awarded by the federal, state, and local governments for the year ended June 30, 2022, which totaled \$11,435,292, or 89%, of total revenue.

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

**11. Risks, Uncertainties, and Risk Management**

The School is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee/student injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2022.

The School's concentrations due to significant state and federal funding make it reasonably possible that the School is vulnerable to the risk of a near-term significant impact. Additionally, it is reasonably possible that estimates made in the consolidated financial statements have been, or will be, materially and adversely impacted in the near-term as a result of these conditions.

**12. Subsequent Events**

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 22, 2022, and determined that no events occurred that require disclosure.

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

**SUPPLEMENTARY INFORMATION**

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**  
**SCHEDULE OF BOARD OF DIRECTORS**  
**YEAR ENDED JUNE 30, 2022**

<b><u>Board Members</u></b>	<b><u>Compensation</u></b>
Mr. Sean A. Blondell, Secretary	\$ -
Mrs. Jill E. Condon	\$ -
Mrs. Alea M. Cot, President	\$ -
Mrs. Charmaine Cooper Hussain	\$ -
Mrs. Stacy Deitelzweig	\$ -
Mrs. Angele DeLarge, Treasurer	\$ -
Ms. Alexis Parent-Ferrouillet	\$ -
Mr. Richard M. Ireland	\$ -
Mrs. Dominique Lang	\$ -
Mrs. Tandra LeMay	\$ -
Mr. Jonathan L. Levy	\$ -
Ms. Dolly Malik	\$ -
Mr. Brian Mora	\$ -
Dr. John W. Nicklow	\$ -
Ms. Kim Nguyen	\$ -
Mr. Todd Ragusa	\$ -
Mr. Allen Square Jr.	\$ -
Mr. Mitchell Turnbough	\$ -

See independent auditors' report.



**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**  
**SCDCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS**  
**TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**  
**YEAR ENDED JUNE 30, 2022**

**Agency Head:**

Dr. Patrick Widhalm, Principal

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$ 180,350
Benefits - Retirement	45,493
Benefits - Insurance	6,923

See independent auditors' report.

**Independent Accountants' Report**  
**On Applying Agreed-Upon Procedures**

To the Board of Directors of Advocates for Academic Excellence in Education, Inc. d/b/a Benjamin Franklin High School, the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual consolidated financial statements of Advocates for Academic Excellence in Education, Inc. d/b/a Benjamin Franklin High School (the School) for the fiscal year ended June 30, 2022. Management of the School is responsible for its performance and statistical data.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose, 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.I. BESE has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures are classified correctly and are reported in the proper amounts for each of the following amounts reported on Schedule 1:
  - Total General Fund Instructional Expenditures,
  - Total General Fund Equipment Expenditures,
  - Total Local Taxation Revenue (no revenue reported),
  - Total Local Earnings on Investment in Real Property (no revenue reported),
  - Total State Revenue in Lieu of Taxes (no revenue reported),
  - Nonpublic Textbook Revenue (no revenue reported), and
  - Nonpublic Transportation Revenue (no revenue reported).

**We noted no exceptions.**

**Class Size Characteristics (Schedule 2)**

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2021 roll books for those classes and observed that the class was properly classified on Schedule 2.

**We noted one exception where the class size was not properly classified on Schedule 2 based on the October 1, 2021 roll book.**

Education Levels/Experience of Public-School Staff (NO SCHEDULE)

3. We obtained October 1, 2021 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

**We noted no exceptions.**

Public-School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30, 2022 PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

**We noted no exceptions.**

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

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

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

*Postlethwaite & Netterville*

Metairie, Louisiana  
December 22, 2022

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**  
**SCDHEDULES REQUIRED BY LOUISIANA STATE LAW**  
**(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**  
**YEAR ENDED JUNE 30, 2022**

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

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures		
Teacher and student interaction activities		
Classroom teacher salaries	\$ 4,123,026	
Other instructional staff salaries	185,680	
Instructional staff employee benefits	1,907,523	
Purchased professional and technical services	396,908	
Instructional materials and supplies	825,403	
Instructional equipment	<u>74,471</u>	
Total teacher and student interaction activities		\$ 7,513,011
Other instructional activities		-
Pupil support services	884,071	
Less: Equipment for instructional pupil support services	<u>190,100</u>	
Net pupil support services		693,971
Instructional staff services	50,325	
Less: Equipment for instructional staff services	<u>-</u>	
Net instructional staff services		50,325
School administration	1,742,408	
Less: Equipment for school administration	<u>-</u>	
Net school administration		<u>1,742,408</u>
Total general fund instructional expenditures		\$ <u>9,999,715</u>
Total general fund equipment expenditures		\$ <u><u>264,571</u></u>

**Prepared by Advocates for Academic Excellence in Education, Inc.**

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

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**  
**SCDHEDULES REQUIRED BY LOUISIANA STATE LAW**  
**(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**  
**YEAR ENDED JUNE 30, 2022**

**CLASS SIZE CHARACTERISTICS**  
**AS OF OCTOBER 1, 2021**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0%	0	0%	0	0%	0	0%	0
Elementary Activity Class	0%	0	0%	0	0%	0	0%	0
Middle High	0%	0	0%	0	0%	0	0%	0
Middle High Activity Class	0%	0	0%	0	0%	0	0%	0
High	29%	99	58%	197	7%	26	6%	20
High Activity Classes	23%	6	12%	3	54%	14	11%	3
Combination	0%	0	0%	0	0%	0	0%	0
Combination Activity Class	0%	0	0%	0	0%	0	0%	0

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

**Prepared by Advocates for Academic Excellence in Education, Inc.**

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

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

To the Board of Directors of Advocates for Academic Excellence in Education, Inc.  
and Affiliate d/b/a Benjamin Franklin High School

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Advocates for Academic Excellence in Education, Inc. and Affiliate d/b/a Benjamin Franklin High School (the School) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 22, 2022.

**Report on Internal Control Over Financial Reporting**

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 School'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.

*Postlethwaite & Netterville*

Metairie, Louisiana  
December 22, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND  
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Directors of Advocates for Academic Excellence in Education, Inc.  
and Affiliate d/b/a Benjamin Franklin High School

Report on Compliance for the Major Federal Program

*Opinion on the Major Federal Program*

We have audited Advocates for Academic Excellence in Education, Inc. and Affiliate d/b/a Benjamin Franklin High 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 the School's major federal program for the year ended June 30, 2022. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 program for the year ended June 30, 2022.

*Basis for Opinion on the Major Federal Program*

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

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

*Responsibilities of Management for Compliance*

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



### *Auditors' Responsibilities for the Audit of Compliance*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

### Report on Internal Control Over Compliance

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

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

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

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

*Postlethwaite & Netterville*

Metairie, Louisiana  
December 22, 2022

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Grantor Project Number	Federal Expenditures
<b><u>U.S. Department of Education</u></b>			
Passed through the Louisiana Department of Education			
Title I Grants to Local Education Agencies	84.010A	S010A180018	\$ 524,920
Title I Direct Student Services	84.010A	S010A200018	15,607
Total Title I			<u>540,527</u>
Title II, Part A: Supporting Effective Instruction State Grant	84.367A	S367A180017	36,729
Title IV, Part A: Student Support and Academic Enrichment Program	84.424A	S42A180019	17,908
Special Education Cluster (IDEA)			
Special Education - Grants to States - IDEA, Part B	84.027A	H027A180033	146,647
Total Special Education Cluster (IDEA)			<u>146,647</u>
Education Stabilization Fund - COVID-19			
Elementary and Secondary School Emergency Relief I Formula	84.425D	S425D200003	193,671
Elementary and Secondary School Emergency Relief I Incentive	84.425D	S425D200003	26,000
Elementary and Secondary School Emergency Relief II Formula	84.425D	S425D210003	314,700
Elementary and Secondary School Emergency Relief III Formula	84.425U	S425U210003	89,928
Elementary and Secondary School Emergency Relief III EB Interventions	84.425U	S425U210003	124,826
Total Education Stabilization Fund - COVID-19			<u>749,125</u>
Total Louisiana Department of Education			<u>1,490,936</u>
Total U.S. Department of Education			<u>1,490,936</u>
<b><u>United States Treasury - Federal Communications Commission</u></b>			
Direct award			
Emergency Connectivity Fund	32.009	N/A	161,620
Total United States Treasury - Federal Communications Commission			<u>161,620</u>
Total Federal Assistance Expended			<u>\$ 1,652,556</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Academic Excellence in Education, Inc. and Affiliate d/b/a Benjamin Franklin High School's (the School) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 1 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

**(2) Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**(3) Relationship to Basic Financial Statements**

Federal awards are included in federal grants revenue in the Statement of Activities and Changes in Net Assets.

**(4) Amounts Passed Through to Subrecipients**

The School did not pass through any federal funding to subrecipients.

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Section I. Summary of Independent Auditors' Results**

*Consolidated Financial Statements*

- |   |               |
|---|---------------|
| 1. Type of auditors' report issued:                                       | Unmodified    |
| 2. Internal control over financial reporting:                             |               |
| a. Material weakness(es) identified?                                      | None          |
| b. Significant deficiency(ies) identified?                                | None Reported |
| 3. Noncompliance material to the consolidated financial statements noted? | None          |

*Federal Awards*

- |   |               |
|---|---------------|
| 1. Type of auditors' report issued on compliance for major program:                                   | Unmodified    |
| 2. Internal control over major program:   |               |
| c. Material weakness(es) identified?  | None          |
| d. Significant deficiency(ies) identified?  | None Reported |
| 3. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? | None          |

Identification of major program:

Education Stabilization Fund – COVID-19      84.425D, 84.425U

Dollar threshold used to distinguish between type A and type B programs      \$750,000

Auditee qualified as a low-risk auditee?      No

**Section II. Findings Relating to the Consolidated Financial Statements Reported in Accordance with Government Auditing Standards**

None

**Section III. Findings and Questioned Costs Related to Federal Awards**

None

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**Section II. Findings Relating to the Consolidated Financial Statements Reported in Accordance with  
*Government Auditing Standards***

None

**Section III. Findings and Questioned Costs Related to Federal Awards**

None

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**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED JUNE 30, 2022**

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**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**AND AFFILIATE D/B/A BENJAMIN FRANKLIN HIGH SCHOOL**

**STATEWIDE AGREED-UPON PROCEDURES**

**FOR THE YEAR ENDED JUNE 30, 2022**



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INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Advocates for Academic Excellence in Education, Inc.  
d/b/a Benjamin Franklin High School and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Advocates for Academic Excellence in Education, Inc. d/b/a Benjamin Franklin High School's (the School's) management is responsible for those C/C areas identified in the SAUPs.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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

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

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

*Postlethwaite & Netterville*

Metairie, Louisiana  
December 22, 2022

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**D/B/A BEN FRANKLIN HIGH SCHOOL**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “*no exception noted*” or for step 25 “*we performed the procedure and discussed the results with management*”. If not, then a description of the exception ensues.

***A - Written Policies and Procedures***

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1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

*No exceptions noted.*

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

*Exceptions noted. The School has written policies for purchasing; however, the policies do not contain attributes (2) how vendors are added to the vendor list, (4) controls to ensure compliance with the public bid law, or (5) documentation required to be maintained for all bids and price quotes.*

- c) ***Disbursements***, including processing, reviewing, and approving

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*Exceptions noted. The School has written policies for contracting; however, the policies do not contain attributes (2) standard terms and conditions or (3) legal review.*

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**D/B/A BEN FRANKLIN HIGH SCHOOL**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

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

*No exceptions noted.*

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

*No exceptions noted.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

*The School is a not-for-profit; therefore, it is not required to have written policies covering ethics.*

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

*The School does not have any debt; therefore, it does not have written policies covering debt service.*

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

*No exceptions noted.*

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

*The School is a not-for-profit; therefore, it is not required to have written policies covering sexual harassment.*

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**D/B/A BEN FRANKLIN HIGH SCHOOL**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

***B - Board or Finance Committee***

---

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

*No exceptions noted.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*No exceptions noted.*

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

*The School is not a governmental entity; therefore this procedure is not applicable.*

***C - Bank Reconciliations***

---

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

*A listing of bank accounts was provided and included a total of nine bank accounts. Management identified the School's main operating account. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected five bank accounts (one main operating and four randomly) and obtained the bank reconciliations for the month ending June 30, 2022, resulting in five bank reconciliations obtained and subjected to the below procedures.*

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**D/B/A BEN FRANKLIN HIGH SCHOOL**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

**D - Collections (excluding electronic funds transfers)**

---

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

*A listing of deposit sites was provided and included a total of one deposit site. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected the one deposit site and performed the procedures below.*

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

*A listing of collection locations for the deposit site selected in procedure #4 was provided and included a total of one collection location. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected the one collection location for the deposit site. Review of the School's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

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

*No exceptions noted.*

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**D/B/A BEN FRANKLIN HIGH SCHOOL**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*We randomly selected two deposit dates for two of the bank accounts selected in procedure #3. The other three bank accounts selected in procedure #3 did not have any deposits during the fiscal period. We obtained supporting documentation for each of the four deposits and performed the procedures below.*

- a) Observe that receipts are sequentially pre-numbered.

*The School does not use sequentially pre-numbered receipts.*

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

*The School does not use sequentially pre-numbered receipts and related collection documentation was not provided. System reports were traced to the deposit slip.*

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.  
D/B/A BEN FRANKLIN HIGH SCHOOL  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
JUNE 30, 2022**

Schedule A

- c) Trace the deposit slip total to the actual deposit per the bank statement.

*No exceptions noted.*

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

*Related collection documentation was not provided; therefore, we were unable to calculate how many days from receipt to deposit.*

- e) Trace the actual deposit per the bank statement to the general ledger.

*No exceptions noted.*

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

---

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

*The listing of locations that process payments for the fiscal period was provided and included one physical location. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we selected the one location and performed the procedures below.*

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

*The listing of employees involved with non-payroll purchasing and payment functions for the payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.*

*Review of the School's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.*

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*No exceptions noted.*

- b) At least two employees are involved in processing and approving payments to vendors.

*No exceptions noted.*



**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**D/B/A BEN FRANKLIN HIGH SCHOOL**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

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

*No exceptions noted.*

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

*Exception noted. The employee responsible for processing payments is also responsible for mailing payments.*

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

*A listing of non-payroll disbursements for the payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected 5 disbursements and performed the procedures below.*

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

*No exceptions noted.*

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

*Exceptions noted. For one of the five disbursements selected, the purchase requisition / purchase order was approved by the same employee who initiated the purchase requisition / purchase order. For all five of the disbursements selected, the employee responsible for processing payments is also responsible for mailing payments.*

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

---

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

*A listing of all active cards for the fiscal period was provided and included a total of two active credit cards. No exceptions were noted as a result of performing this procedure.*

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**D/B/A BEN FRANKLIN HIGH SCHOOL**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

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

*From the listing provided, we selected both credit cards used in the fiscal period. We randomly selected one monthly statement for each of the two cards selected and performed the procedures noted below.*

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, 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.]]

*Exceptions noted. For one of the two credit cards selected, the monthly statement did not contain evidence of review by someone other than the card holder.*

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

*No exceptions noted.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

*We randomly selected ten transactions (or all transactions if less than ten) from each of the two monthly credit card statements selected in procedure #12, for a total of 15 transactions selected, and performed the specified procedures. No exceptions noted.*

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

---

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

*The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.*

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.  
D/B/A BEN FRANKLIN HIGH SCHOOL  
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS  
JUNE 30, 2022**

Schedule A

*From the listing provided, we randomly selected five reimbursements and performed the procedures below.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*Exceptions noted. For two of the five reimbursements selected, the reimbursement was not reviewed and approved, in writing, by someone other than the person receiving reimbursement.*

***H - Contracts***

---

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

*An active vendor list for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected five contracts and performed the procedures below.*

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

*No exceptions noted.*

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

*No exceptions noted.*

**ADVOCATES FOR ACADEMIC EXCELLENCE IN EDUCATION, INC.**  
**D/B/A BEN FRANKLIN HIGH SCHOOL**  
**AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS**  
**JUNE 30, 2022**

Schedule A

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

*No exceptions noted.*

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

*We randomly selected one payment for each of the five contracts selected in procedure #15 and performed the specified procedures. No exceptions noted.*

***I - Payroll and Personnel***

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

*A listing of employees employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected five employees and performed the specified procedures. No exceptions noted.*

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

*We randomly selected one pay period during the fiscal period and performed the procedures below for the five employees selected in procedure #16.*

- a) Observe all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

*No exceptions noted.*

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

*No exceptions noted.*

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

*No exceptions noted.*

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*No exceptions noted.*

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

*A listing of employees receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.*

*From the listing provided, we randomly selected two employees and performed the specified procedures. No exceptions noted.*

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

*No exceptions noted.*

***J - Ethics***

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***Ethics is not applicable to the School as it is a non-profit entity. (See note on page 3)***

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

- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

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***K - Debt Service***

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***Debt service is not applicable to the School as it is a non-profit entity with no debt.***

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each bond/note issued.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

***L - Fraud Notice***

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

*Management represented that there were no misappropriations of public funds or assets during the fiscal period. No exceptions were noted as a result of performing this procedure.*

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

*No exceptions noted.*

***M - Information Technology Disaster Recovery/Business Continuity***

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25. Perform the following procedures:

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

*We performed the procedure and discussed the results with management.*

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

*We performed the procedure and discussed the results with management.*

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

*We performed the procedure and discussed the results with management.*

***N - Sexual Harassment***

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***Sexual harassment is not applicable to the School as it is a charter school.***

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

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Schedule B

***Management corrective action plan:***

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Management appreciates the auditors' thorough review of policies and procedures and looks forward to improving in the areas identified. There has been transition in the finance department over the last year and an update to policies and procedures was already underway. The noted exceptions will be incorporated in these updates to ensure the deficiencies are remedied moving forward.

The exceptions noted fall into two general categories: policy or procedural updates and application of procedures already in place.

1. Policy or procedural updates

*Exceptions noted:*

*Purchasing: The School has written policies for purchasing; however, the policies do not contain attributes (2) how vendors are added to the vendor list, (4) controls to ensure compliance with the public bid law, or (5) documentation required to be maintained for all bids and price quotes.*

*Contracting: The School has written policies for contracting; however, the policies do not contain attributes (2) standard terms and conditions or (3) legal review.*

*Non-payroll Disbursements: The employee responsible for processing payments is also responsible for mailing payments.*

In both of these cases, the School did have policies in place for these areas, however those policies did not contain the full detail required by the state AUPs. Management will ensure that these areas are addressed in the updated policies and procedures that are currently being worked on.

2. Application of procedures already in place.

*Exceptions noted:*

*Non-payroll Disbursements: For one of the five disbursements selected, the purchase requisition / purchase order was approved by the same employee who initiated the purchase requisition / purchase order. For all five of the disbursements selected, the employee responsible for processing payments is also responsible for mailing payments.*

*Credit Cards: For one of the two credit cards selected, the monthly statement did not contain evidence of review by someone other than the card holder.*

*Reimbursements: For two of the five reimbursements selected, the reimbursement was not reviewed and approved, in writing, by someone other than the person receiving reimbursement.*



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***Management corrective action plan (continued):***

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In each of these cases, procedures are in place, but in select instances they were not fully followed. Management does not believe any of these instances resulted in fraud, misuse of funds or loss of funds, but understands that following procedures is vital to prevent these issues. Management will reinforce these procedures with all applicable staff and work to ensure all procedures are followed in all cases moving forward. Management will also periodically review these specific procedures to confirm they are being followed.