

**GLENCOE EDUCATION FOUNDATION, INC.**

Franklin, Louisiana

Financial Report

Years Ended June 30, 2019 and 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Glencoe Education Foundation, Inc.  
Franklin, Louisiana

We have audited the accompanying financial statements of Glencoe Education Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Glencoe Education Foundation, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on Glencoe Education Foundation, Inc.'s financial statements. The schedule of the governing board, the schedule of insurance in force, and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to agency head is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to agency head is fairly stated in all material respects in relation to the financial statements as a whole.

The schedule of the governing board and the schedule of insurance in force have not been subjected to the auditing procedures applied in the audit of the 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 12, 2019, on our consideration of Glencoe Education Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Glencoe Education Foundation, Inc.'s internal control over financial reporting and compliance.

*Darnall, Sikes & Frederick*

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana  
December 12, 2019

## **FINANCIAL STATEMENTS**

GLENCOE EDUCATION FOUNDATION, INC.

Statements of Financial Position  
June 30, 2019 and 2018

	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,859,702	\$ 1,969,710
Certificates of deposit	143,241	187,998
Due from other governmental units	155,329	101,885
Other receivables	9,383	10,091
Prepaid items	29,862	29,649
Total current assets	2,197,517	2,299,333
<b>PROPERTY AND EQUIPMENT, NET</b>	3,340,806	3,535,705
<b>OTHER ASSETS</b>		
Assets restricted to payment of long-term debt:		
Cash	1,776	2,272
Certificates of deposit	98,148	97,652
Total other assets	99,924	99,924
<b>TOTAL ASSETS</b>	<b>\$ 5,638,247</b>	<b>\$ 5,934,962</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 15,787	\$ 47,553
Accrued salaries payable	282,681	277,440
Other accrued liabilities	187,943	190,985
Accrued compensated absences payable	48,149	47,082
Current portion of long-term debt	87,155	118,474
Total current liabilities	621,715	681,534
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current portion	1,208,470	1,292,545
Total liabilities	1,830,185	1,974,079
<b>NET ASSETS</b>		
Without donor restrictions		
Available for operations	1,762,881	1,836,197
Invested in property and equipment, net of related debt	2,045,181	2,124,686
Total net assets	3,808,062	3,960,883
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,638,247</b>	<b>\$ 5,934,962</b>

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.

Statements of Activities  
Years Ended June 30, 2019 and 2018

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND SUPPORT		
Minimum Foundation Program	\$ 3,111,632	\$ 3,245,923
Food services	10,257	18,371
Tuition	23,224	25,920
Contributions	2,950	400
Miscellaneous	33,434	44,153
Gain on disposal of assets	-	2,000
Interest income	15,246	5,340
Total revenues and support without donor restrictions	3,196,743	3,342,107
Net assets released from donor restrictions	712,812	656,875
TOTAL REVENUES, SUPPORT AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	3,909,555	3,998,982
EXPENSES		
Instruction:		
Regular programs	2,028,240	1,953,587
Special education	151,320	167,276
Special programs	175,352	197,599
Support services:		
Pupil support	128,215	100,895
Instructional staff	57,639	65,985
General administration	44,962	40,738
School administration	234,553	256,432
Business services	191,231	210,800
Plant services	271,672	290,381
Student transportation services	175,219	160,215
Non-instructional:		
Food services	335,764	347,195
Debt service:		
Interest and bank charges	55,363	53,871
Depreciation	212,846	222,426
TOTAL EXPENSES	4,062,376	4,067,400
Decrease in net assets without donor restrictions	(152,821)	(68,418)

The accompanying notes are an integral part of this statement.

	<u>2019</u>	<u>2018</u>
NET ASSETS WITH DONOR RESTRICTIONS		
REVENUES AND SUPPORT		
Federal grants:		
Rural Education Achievement Program	28,929	2,846
IDEA - Part B	64,417	56,677
National School Lunch Program	258,580	242,017
Title I Grants to Local Educational Agencies	169,546	160,968
Title II Supporting Effective Instruction State Grants	18,308	18,752
Other	12,732	11,348
State grants:		
Pre-K	160,300	160,299
Other	-	3,968
TOTAL REVENUES AND SUPPORT WITH DONOR RESTRICTIONS	<u>712,812</u>	<u>656,875</u>
Net assets released from donor restrictions	<u>(712,812)</u>	<u>(656,875)</u>
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>
DECREASE IN NET ASSETS	(152,821)	(68,418)
NET ASSETS AT BEGINNING OF YEAR	<u>3,960,883</u>	<u>4,029,301</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,808,062</u>	<u>\$ 3,960,883</u>

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.

Statements of Functional Expenses  
Years Ended June 30, 2019 and 2018

	Instruction		Support Services			Support Services			Non-instructional			Total	
	Regular Programs	Special Education	Special Programs	Pupil Support	Instructional Staff	General Administration	School Administration	Business Services	Plant Services	Student Transportation Services	Food Services		Debt Service
2019													
Salary	\$ 1,350,546	\$ 103,586	\$ 137,750	\$ 7,223	\$ 44,871	\$ -	\$ 147,330	\$ 143,178	\$ 45,217	\$ 97,782	\$ 121,954	\$ -	\$ 2,199,437
Employee benefits	543,102	43,375	36,211	418	10,967	-	20,667	37,119	21,642	-	50,587	-	764,088
Professional services	768	960	-	118,239	-	31,062	10,915	6,600	2,341	-	-	-	170,885
Insurance	-	509	-	1,751	-	13,350	-	-	35,958	24,786	4,498	-	80,852
Repairs and maintenance	-	-	-	-	-	-	2,089	-	51,062	20,032	9,429	-	82,612
Energy	-	-	-	-	-	-	-	-	55,189	22,308	-	-	77,497
Telephone/postage	-	-	-	-	-	-	5,962	1,000	-	-	-	-	6,962
Disposal services	-	-	-	-	-	-	-	-	13,253	-	6,623	-	19,876
Rental of land/equipment	-	-	-	-	-	-	9,707	-	24,000	-	3,809	-	37,516
Travel	10,740	2,877	-	-	-	-	2,855	1,402	-	1,226	693	-	19,793
Materials and supplies	98,319	13	1,391	430	1,218	-	15,280	924	21,045	8,964	12,878	-	160,462
Food	-	-	-	-	-	-	-	-	-	-	121,780	-	121,780
Miscellaneous	24,765	-	-	154	583	550	19,748	1,008	1,965	121	3,513	-	52,407
Interest	-	-	-	-	-	-	-	-	-	-	-	55,363	55,363
	<u>\$ 2,028,240</u>	<u>\$ 151,320</u>	<u>\$ 175,352</u>	<u>\$ 128,215</u>	<u>\$ 57,639</u>	<u>\$ 44,962</u>	<u>\$ 234,553</u>	<u>\$ 191,231</u>	<u>\$ 271,672</u>	<u>\$ 175,219</u>	<u>\$ 335,764</u>	<u>\$ 55,363</u>	<u>\$ 3,849,530</u>
2018													
Salary	\$ 1,293,959	\$ 121,573	\$ 140,202	\$ 7,061	\$ 46,995	\$ -	\$ 161,777	\$ 143,103	\$ 46,008	\$ 88,708	\$ 122,602	\$ -	\$ 2,171,988
Employee benefits	543,020	44,823	32,499	432	10,836	-	49,447	52,434	20,397	-	63,105	-	816,993
Professional services	324	225	-	91,406	72	32,454	12,837	7,030	1,766	-	-	-	146,114
Insurance	-	585	-	1,751	-	6,562	-	3,529	42,589	22,386	5,118	-	82,520
Repairs and maintenance	770	-	-	-	-	-	1,035	-	56,041	18,379	5,498	-	81,723
Energy	-	-	-	-	-	-	-	-	55,917	17,798	-	-	73,715
Telephone/postage	-	-	-	-	-	-	-	1,255	-	-	-	-	1,255
Disposal services	-	-	-	-	-	-	-	-	12,503	-	5,683	-	18,186
Rental of land/equipment	-	-	-	-	-	-	8,932	-	26,563	-	3,799	-	39,294
Travel	10,336	-	-	-	-	802	1,745	1,206	-	6,575	755	-	21,419
Materials and supplies	86,302	70	24,898	91	7,371	-	12,989	1,010	26,890	5,504	12,508	-	177,633
Food	-	-	-	-	-	-	-	-	-	-	125,065	-	125,065
Miscellaneous	18,876	-	-	154	711	920	7,670	1,233	1,707	865	3,062	-	35,198
Interest	-	-	-	-	-	-	-	-	-	-	-	53,871	53,871
	<u>\$ 1,953,587</u>	<u>\$ 167,276</u>	<u>\$ 197,599</u>	<u>\$ 100,895</u>	<u>\$ 65,985</u>	<u>\$ 40,738</u>	<u>\$ 256,432</u>	<u>\$ 210,800</u>	<u>\$ 290,381</u>	<u>\$ 160,215</u>	<u>\$ 347,195</u>	<u>\$ 53,871</u>	<u>\$ 3,844,974</u>

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.

Statements of Cash Flows  
Years Ended June 30, 2019 and 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (152,821)	\$ (68,418)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	212,846	222,426
Gain on disposal of assets	-	(2,000)
(Increase) decrease in-		
Certificates of deposit	44,261	79,289
Due from other governmental units	(53,444)	(53,324)
Other receivables	708	(9,591)
Prepaid expenses	(213)	1,001
Increase (decrease) in -		
Accounts payable	(31,766)	30,826
Accrued salaries payable	5,241	21,088
Other accrued liabilities	(3,042)	174,353
Accrued compensated absences	1,067	(2,171)
Net cash provided by operating activities	22,837	393,479
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(17,947)	(57,339)
Proceeds from the sale of property and equipment	-	2,000
Net cash used by investing activities	(17,947)	(55,339)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(115,394)	(79,386)
Net cash used by financing activities	(115,394)	(79,386)
Net increase (decrease) in cash	(110,504)	258,754
Cash at beginning of year	1,971,982	1,713,228
Cash at end of year	\$ 1,861,478	\$ 1,971,982
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	\$ 55,363	\$ 53,871
Reconciliation of cash per the statements of cash flows to the statements of financial position:		
Cash at beginning of year:		
Cash	\$ 1,969,710	\$ 1,613,304
Restricted cash	2,272	99,924
Total cash at beginning of year	1,971,982	1,713,228
Cash at end of year:		
Cash	\$ 1,859,702	\$ 1,969,710
Restricted cash	1,776	2,272
Total cash at end of year	1,861,478	1,971,982
Net increase (decrease) in cash	\$ (110,504)	\$ 258,754

The accompanying notes are an integral part of this statement.

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GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Glencoe Education Foundation, Inc. (the Foundation) was founded in 1999 as a nonprofit organization incorporated under the laws of the State of Louisiana. The Foundation is dedicated to providing for and maintaining an optimum learning environment in which all enrolled children are afforded the opportunity to achieve, attain goals and excel as students and as individual citizens of the world. The focus of instruction is child-centered with curricula designed to meet the educational, social, physical, and emotional needs of each learner as a whole person. The Foundation operates Glencoe Charter School which is an approved Type 2 charter school under Louisiana Revised Statute 17:3991. The school's operations are located in Franklin, Louisiana. During its first year of operations (fiscal year ended June 30, 2000), the school had grades kindergarten through fifth. During the second year of operations, sixth grade was added. During the third year of operations, seventh grade was added, and during the fourth year of operations, eighth grade was added. During the fiscal year ended June 30, 2018, the school added a Pre-K program. Open student enrollment began in August 1999. The Foundation is governed by a board of directors and managed by a director. During the fiscal years ended June 30, 2019 and 2018, 97.82% and 97.55% of total revenues, respectively, were derived from federal and state sources.

Income Tax Exemption

The Foundation is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Internal Revenue Service has determined that the Foundation does not qualify as a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting which follows the recommendations of the Financial Accounting Standards Board in its Statement of Accounting Standards Codification No. 958-205-20, Not-for-Profit Entities – Presentation of Financial Statements. Under FASB ASC 958-205-20, the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* – Net assets without donor restrictions are resources available to support operations and not subject to donor or grantor restrictions.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

*Net Assets with Donor Restrictions* - Net assets with donor restrictions are resources that are subject to donor-imposed or grantor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. The Foundation did not have any donor restricted net assets at June 30, 2019 and 2018.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue With and Without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction end or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service.

All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Functional Allocation of Expenses

The statement of activities presents expenses of the Foundation's operations functionally between instruction, support services and non-instructional. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services

The Foundation receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statements of activities because the criteria for recognition under FASB ASC 958-605-25 have not been satisfied.

Allowance for Doubtful Accounts

The Foundation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

Property and Equipment

All capital assets are capitalized that have a cost or estimated cost of \$5,000 or more. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Depreciation is computed using the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Transportation equipment	5
Furniture and equipment	5 - 20
Buildings and improvements	15 - 40

Expenses for additions, major renewals, and betterments are capitalized. Expenses for maintenance and repairs are charged to expense as incurred.

Compensated Absences

All twelve-month employees earn vacation leave each year based on years of experience. After one year, 10 days are earned; after four years, 11 days are earned; after five years, 13 days are earned; after ten years, 15 days are earned; after fifteen years, 17 days are earned; and after twenty years, 19 days are earned. A maximum of 10 days can be carried to the next year. Upon discharge or final retirement, all unused and/or accrued vacation leave is paid to the employee at the employee's current rate of pay.

Nine-month employees earn 10 days of sick leave each year. Ten-month employees earn 11 days of sick leave each year. Eleven-month employees earn 12 days of sick leave each year. Twelve-month employees earn sick leave based on the number of years of full-time employment with the Foundation. After one year, 12 days are earned; after four years, 15 days are earned; and after ten years, 18 days are earned. Sick leave may be accumulated. No sick leave is paid upon resignation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or the employee's estate at the employee's current rate of pay.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

Under the Teachers' Retirement System of Louisiana and the Louisiana School Employees' Retirement System, all unpaid sick leave, which excludes the 25 days paid, is used in the retirement benefit computation as earned service.

In accordance with the provisions of FASB ASC 710, *Compensation – General*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers all highly-liquid investments to be cash equivalents. The Foundation did not have any cash equivalents at June 30, 2019 and 2018.

Inventory

Inventory consists of commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture. The commodities are recorded as revenues when received; however, all inventories are recorded as expenses when consumed. Values are assigned based on information provided by the United States Department of Agriculture.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$1,184 and \$1,891 for the fiscal years ended June 30, 2019 and 2018, respectively.

Use of Estimates

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

Fair Value of Financial Instruments

The Foundation defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Financial instruments included in the Foundation's financial statements include cash and cash equivalents, receivables, and other assets. Unless otherwise disclosed in the notes to the financial statements, the carrying value of financial instruments is considered to approximate fair value due to the short maturity and characteristics of those instruments.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

During the fiscal year ended June 30, 2019, the Foundation implemented ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, a recent standard issued by the FASB. The ASU addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Foundation has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The change had no effect on the change in net assets for 2019. The new standards change the following aspects of the Foundation's financial statements:

- The “unrestricted” net asset class has been renamed “net assets without donor restrictions.”
- The financial statements include a new disclosure about the availability and liquidity of financial assets (see Note 3).

Subsequent Events

Subsequent events were evaluated through December 12, 2019, which is the date the financial statements were available to be issued.

NOTE 2 CASH AND CERTIFICATES OF DEPOSIT

The Foundation may invest in United States bonds, notes, or bills as well as certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2019, the Foundation had cash and interest-bearing deposits (book balances) totaling \$2,102,867.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. At June 30, 2019, the Foundation had bank balances totaling \$2,131,244. Of the bank balance, \$473,543 was covered by federal depository insurance, \$1,270,634 was covered by collateral held by pledging bank's agent not in the Foundation's name, and \$387,067 was uninsured and uncollateralized.

Assets Restricted to Payment of Long-term Debt

Under the terms of two loans with the USDA, the Foundation is required to maintain cash balances in separate bank accounts, reserved for the repayment of long-term debt equal to the total principal and interest to be paid in one fiscal year. At June 30, 2019, the Foundation had bank balances in those reserve accounts totaling \$137,738, of which \$99,924 was restricted to payment of long-term debt

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 3 AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The following reflects the Foundation's financial assets available for general use within one year as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash	\$ 1,861,478	\$ 1,971,982
Certificates of deposit	241,389	285,650
Due from other governmental units	155,329	101,885
Other receivables	9,383	10,091
Prepaid items	<u>29,862</u>	<u>29,649</u>
Total financial assets	2,297,441	2,399,257
Less those unavailable for general expenditures within one year, due to:		
Restricted for debt repayment	<u>(99,924)</u>	<u>(99,924)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,197,517</u>	<u>\$ 2,299,333</u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Assets not being depreciated:		
Land	\$ 27,845	\$ 27,845
Construction in progress	<u>-</u>	<u>-</u>
Total assets not being depreciated	27,845	27,845
Assets being depreciated:		
Building and improvements	4,736,741	4,718,794
Furniture and equipment	284,062	284,062
Transportation equipment	<u>359,042</u>	<u>359,042</u>
Total assets being depreciated	5,379,845	5,361,898
Less accumulated depreciation	<u>(2,066,884)</u>	<u>(1,854,038)</u>
Assets being depreciated, net	<u>3,312,961</u>	<u>3,507,860</u>
Total assets, net	<u>\$ 3,340,806</u>	<u>\$ 3,535,705</u>

Total depreciation expense for the fiscal years ended June 30, 2019 and 2018 was \$212,846 and \$222,426, respectively.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 5 DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consisted of the following at June 30, 2019 and 2018:

	2019	2018
Louisiana Department of Education	\$ -	\$ 307
U.S. Department of Education: Passed through Louisiana Department of Education	155,329	101,578
	\$ 155,329	\$ 101,885

NOTE 6 LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2019 and 2018:

	2019	2018
Note payable in the original amount of \$1,600,000, payable in 466 monthly installments of \$7,264 beginning on May 23, 2010 and one final undetermined installment, bearing interest at 4.500%, collateralized by real estate and equipment	\$ 1,074,511	\$ 1,110,173
Non-interest bearing uncollateralized note payable in the original amount of \$100,000, payable in 2 annual installments of \$33,333 beginning on June 30, 2017 and one final installment of \$33,334	-	33,334
Note payable in the original amount of \$130,000, payable in 143 monthly installments of \$1,063 beginning on April 22, 2017 and one final undetermined installment, bearing interest at 2.750%, collateralized by real estate and equipment	108,614	117,512
Amount payable to a contractor for an agreed-upon settlement in the amount of \$150,000, payable in 4 annual installments of \$37,500 beginning in December 2018.	112,500	150,000
	1,295,625	1,411,019
Less current portion	87,155	118,474
Long-term portion	\$ 1,208,470	\$ 1,292,545

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 6 LONG-TERM DEBT (CONTINUED)

Long-term debt consisted of the following at June 30, 2019 and 2018:

Maturities of long-term debt are as follows:

2020	87,155
2021	89,257
2022	91,451
2023	56,241
2024	58,630
Thereafter	<u>912,891</u>
Total long-term debt	<u>\$ 1,295,625</u>

NOTE 7 PENSION PLANS

Eligible employees of the Foundation participate in one of two cost-sharing, multiple-employer defined benefit pension plans, which are controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability, and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows.

Teachers' Retirement System of Louisiana – Regular

For the fiscal year ended June 30, 2019, plan members were required to contribute 8.0% of their annual covered salary to the system while the Foundation was required to contribute the statutory rate of 26.7% of total annual covered payroll. The Foundation was also required to contribute the statutory rate of 26.6% of total annual covered payroll for the fiscal year ended June 30, 2018.

The Foundation's contributions to the system for the fiscal years ended June 30, 2019 and 2018 were \$466,675 and \$506,146, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Louisiana School Employees' Retirement System

For the fiscal year ended June 30, 2019, plan members were required to contribute 7.5%, or 8.0% for members employed subsequent to July 1, 2010, of their annual covered salary to the system while the Foundation was required to contribute the statutory rate of 28.0% of total annual covered payroll. The Foundation was also required to contribute the statutory rate of 27.6% of total annual covered payroll for the fiscal year ended June 30, 2018.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 7 PENSION PLANS (CONTINUED)

The Foundation's contributions to the system for the fiscal years ended June 30, 2019 and 2018 were \$15,561 and \$14,316, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804-4516, or by calling (225) 925-6484.

NOTE 8 LEASE COMMITMENT

The Foundation entered into a non-cancelable operating lease for immovable property with Glencoe-Vacherie Plantation, LLC, which is a related party as a result of one of the Foundation's board members being a managing member in the entity. The lease calls for four quarterly payments of \$6,000 per year. The original lease expired on September 30, 2004. The lease contains an option to renew for four additional five year periods, with the first five year period having begun on October 1, 2004. The first option to renew was executed. The first lease option expired on September 30, 2009. The second option to renew was executed. The second lease option expired on September 30, 2014. The third option to renew was executed.

The lease expense for the fiscal years ended June 30, 2019 and 2018 totaled \$24,000 and \$24,000, respectively.

The following is a schedule of future minimum rental payments required under the above non-cancelable operating lease:

Year ending	
<u>June 30,</u>	
2020	\$ 6,000

The Foundation also leases immovable and movable property under cancelable operating leases.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Notes to the Financial Statements

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

The Foundation provides post-employment healthcare and life insurance benefits for substantially all employees if they reach normal retirement age while working for the Foundation. The Foundation's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). Louisiana Revised Statutes 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained on the Office of Statewide Reporting and Accounting Policy's website at [www.doa.louisiana.gov/osrap](http://www.doa.louisiana.gov/osrap).

The Foundation's contributions to the plan for the fiscal years ended June 30, 2019 and 2018 were \$282,131 and \$299,090, respectively.

NOTE 10 SUBSEQUENT EVENT

Subsequent to year end, the Foundation purchased a large parcel of land for approximately \$171,000. The Foundation intends to construct a high school on the land at a future date.

**SUPPLEMENTARY INFORMATION**

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of the Governing Board (Unaudited)  
Year Ended June 30, 2019

<u>Board Member</u>	<u>Term Expiration</u>
James Evans III <i>President</i>	June 30, 2021
Cecile Coleman <i>Vice President</i>	June 30, 2019
Clarence Vappie <i>Member</i>	June 30, 2019
Winifred Sylve <i>Member</i>	June 30, 2021
Alison Provost <i>Parent Member</i>	June 30, 2020
Glenda Huddleston <i>Member</i>	June 30, 2020
April Boudreaux <i>Parent Member</i>	June 30, 2019

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of Insurance in Force (Unaudited)  
Year Ended June 30, 2019

Type of Coverage	Limits of Coverage	Expires	Company
Workers' Compensation	\$1,000,000	5/10/2020	LUBA Workers Comp
Student Accident	Accident medical expense benefit - \$6,000,000 \$25,000 maximum per student	9/30/2019	Axis Insurance Company
Commercial Auto & General Liab (package)	Auto liability - \$1,000,000 Medical expense - \$5,000 General liability - \$1,000,000 each occurrence Damage to premises rented - \$100,000 any one premises Personal & advertising injury - \$1,000,000 any one entity General aggregate limit - \$3,000,000 Products/completed operations aggregate limit - \$3,000,000	8/18/2019	Arch Insurance Company
Property	Building (Classrooms) - \$3,200,000 Building \$155,000 Business Personal Property Building (Main Building) - \$1,203,847 Building \$110,000 Business Personal Property Building (Classrooms) - \$620,000 Building \$70,000 Business Personal Property Building (PE Building) - \$150,000 Building \$5,000 Business Personal Property Building (Lab Building) - \$44,000 Building \$7,000 Business Personal Property	8/18/2019	Arch Insurance Company
Flood	\$500,000 - Building	10/18/2019	Wright National Flood Insurance Company
Fidelity Bond	\$186,000 - Employee theft \$50,000 - Money orders and counterfeit currency	until cancelled	Hartford Fire Insurance Company

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of Compensation, Benefits, and Other Payments to Agency Head  
Year Ended June 30, 2019

Agency Head Name: Loren Decuir, Director

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 88,003
Benefits - insurance	10,638
Reimbursements	<u>514</u>
Total	<u>\$ 99,155</u>

**INTERNAL CONTROL, COMPLIANCE,  
AND  
OTHER MATTERS**



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

To the Board of Directors of  
Glencoe Education Foundation, Inc.  
Franklin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Glencoe Education Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Glencoe Education Foundation, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Glencoe Education Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Glencoe Education Foundation's internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Glencoe Education Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2019-001.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document; therefore, its distribution is not limited.

*Darnall, Sikes & Frederick*

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana  
December 12, 2019

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Summary Schedule of Prior Year Findings  
Year Ended June 30, 2019

Section I Internal Control and Compliance Material to the Financial Statements

2018-001 Noncompliance with the Louisiana Local Government Budget Act

Condition: The adopted budget did not include a budget message and adoption instrument. In addition, a notice was not published in the official journal to certify completion of the adopted budget.

Recommendation: Management should ensure all steps of the Louisiana Local Government Budget Act are completed.

Status: This finding is unresolved. See current year finding 2019-001.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of Findings and Responses  
Year Ended June 30, 2019

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on Glencoe Education Foundation, Inc.'s financial statements as of and for the years ended June 30, 2019 and 2018.

Deficiencies in Internal Control – Financial Reporting

There were no deficiencies in internal control over financial reporting noted during the audit.

Material Noncompliance – Financial Reporting

The results of our tests disclosed one instance of noncompliance which is required to be reported under *Government Auditing Standards* and is listed as item 2019-001 in Part 2.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2019.

MANAGEMENT LETTER

A management letter was not issued for the fiscal year ended June 30, 2019.

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2019-001 Noncompliance with the Louisiana Local Government Budget Act

Criteria: In accordance with the Louisiana Local Government Budget Act (Louisiana Revised Statutes 39:1301 through 39:1315), the proposed budget shall be accompanied by a proposed budget adoption instrument and include a budget message signed by the budget preparer. In addition, a political subdivision shall certify completion of the adopted budget by publishing a notice of adoption in the official journal. Also, upon completion of the proposed budget, the political subdivision shall cause to be published a notice stating that the proposed budget is available for public inspection, and that a public hearing on the proposed budget shall be held. The notice shall be published at least ten days prior to the date of the first public hearing.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule of Findings and Responses (Continued)  
Year Ended June 30, 2019

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards* (Continued)

Condition: The adopted budget did not include a budget message and adoption instrument. In addition, a notice was not published in the official journal to certify completion of the adopted budget. Also, the notice of public hearing was published less than ten days prior to the date of the first public hearing.

Cause: The Foundation's adopted budget did not include a budget message or resolution, the notice of adoption was not published in the official journal, and the notice of public hearing was published less than ten days prior to the date of the first public hearing.

Effect: Possible violation of the Louisiana Local Government Budget Act.

Recommendation: Management should ensure all steps of the Louisiana Local Government Budget Act are completed.

Views of Responsible Officials and Planned Corrective Actions: This information is in the Foundation's separate Management's Corrective Action Plan for Current Year Findings and Management Comments.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2019, Glencoe Education Foundation, Inc. did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Management's Corrective Action Plan for Current Year Findings  
Year Ended June 30, 2019

2019-001 Noncompliance with the Louisiana Local Government Budget Act

Management's Response and Planned Corrective Action: Management was made aware of these issues during the audit of the 2017/2018 financial statements. At this time, the 2018/2019 budget steps had already occurred. Management has corrected these processes and ensured all steps of the Louisiana Local Government Budget Act were completed for the 2019/2020 budget.



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

To the Board of Directors of  
Glencoe Education Foundation, Inc.  
Franklin, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Glencoe Education Foundation, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of Glencoe Education Foundation, Inc. for the fiscal year ended June 30, 2019; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education, in compliance with Louisiana Revised Statute 24:514.1. Management of Glencoe Education Foundation, Inc. is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures,
  - Total General Fund Equipment Expenditures,
  - Total Local Taxation Revenue,
  - Total Local Earnings on Investment in Real Property,
  - Total State Revenue in Lieu of Taxes,
  - Nonpublic Textbook Revenue, and
  - Nonpublic Transportation Revenue.

The Foundation does not receive local taxation revenue, local earnings on investment in real property, state revenue in lieu of taxes, nonpublic textbook revenue, or nonpublic transportation revenue. With regard to the sample of transactions, no classification errors were noted.

### Class Size Characteristics (Schedule 2)

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

No differences were noted for this procedure.

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

3. We obtained October 1 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.

Procedures indicated testing a random sample of 25 teachers. However, the Foundation only employed 30 teachers as of year end; therefore, we tested the entire population. During our testing, we noted five exceptions when comparing education level and experience in the Profile of Educational Personnel (PEP) file to the related employee's personnel file. Of the five exceptions noted, one exception was related to the PEP not being updated to reflect a teacher's education of level of Master's Degree plus 30 hours. One exception was related to an error on the PEP in reporting a teacher's education level of Master's Degree, but per the teacher's personnel file, the teacher has a Bachelor's Degree. Three exceptions noted were related to incorrect years of experience reported on the PEP as compared to the personnel files.

Public School Staff Data: Average Salaries (No Schedule)

4. We obtained June 30 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).

Procedures indicated testing a random sample of 25 teachers. However, the Foundation only employed 30 teachers as of year end; therefore, we tested the entire population. During our testing, we noted three exceptions when comparing salary, extra compensation, and full-time equivalents in the Profile of Educational Personnel (PEP) file to the related employee's personnel file. Of the three exceptions noted, a miscoding of base compensation and extra compensation for two teachers was noted, and one teacher's extra compensation was overstated on the PEP.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Glencoe Education Foundation, Inc., as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Darnall, Sikes & Frederick*

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

December 12, 2019

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule 1 – General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
Year Ended June 30, 2019

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 1,122,985	
Other Instructional Staff Activities	154,271	
Instructional Staff Employee Benefits	632,285	
Purchased Professional and Technical Services	768	
Instructional Materials and Supplies	63,289	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	-	\$ 1,973,598

Other Instructional Activities 19,875

Pupil Support Activities	108,521	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	-	108,521

Instructional Staff Services	57,639	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	-	57,639

School Administration	232,033	
Less: Equipment for School Administration	-	
Net School Administration	-	232,033

Total General Fund Instructional Expenditures \$ 2,391,666

Total General Fund Equipment Expenditures \$ 25,464

Certain Local Revenue Sources

Local Taxation Revenue:

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

Local Earnings on Investments in Real Property:

Earnings from 16th Section Property	-
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	\$ -

State Revenue in Lieu of Taxes:

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

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

See Independent Accountant's Report on Applying Agreed-upon Procedures

GLENCOE EDUCATION FOUNDATION, INC.  
Franklin, Louisiana

Schedule 2 – Class Size Characteristics  
As of October 1, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	79.2%	76	20.8%	20	0.0%	-	0.0%	-
Elementary Activity Classes	38.5%	5	23.1%	3	15.4%	2	23.1%	3
Middle/Jr. High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Middle/Jr. High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-



## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors  
Glencoe Education Foundation, Inc.  
Franklin, Louisiana

We have performed the procedures enumerated below, which were agreed to by Glencoe Education Foundation, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

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1. Obtain and inspect the entity's written policies and procedures and observe that 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  
Written policies and procedures were obtained and address the functions noted above.
  - 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.  
Written policies and procedures were obtained and address the functions noted above.
  - c) ***Disbursements***, including processing, reviewing, and approving  
Written policies and procedures were obtained and address the functions noted above.
  - 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.  
Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- 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

Written policies and procedures were obtained and address the functions noted above.

- 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

Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Written policies and procedures were obtained and address the functions noted above, except (2) actions to be taken if an ethics violation takes place and (3) system to monitor possible ethics violations.

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

The entity is a nonprofit; therefore, not applicable.

- k) **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.

Written policies and procedures were obtained and address the functions noted above, except (3) periodic testing/verification that backups can be restored.

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

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- 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).

Listing of disbursements and management's representation that the listing is complete was obtained.

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

Written policies and procedures were obtained and address the functions noted above.
  - b) At least two employees are involved in processing and approving payments to vendors.

Written policies and procedures were obtained and address the functions noted above.
  - 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.

Written policies and procedures were obtained and address the functions noted above.
  - 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.

Written policies and procedures were obtained and address the functions noted above.
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) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.
  - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Dannall, Sikes & Frederick*  
A Corporation of Certified Public Accountants

Lafayette, Louisiana  
December 12, 2019

James Evans  
President  
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Vice President

Loren Decuir  
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### **Independent Account's Report on Applying Agreed-Upon Procedures Management Responses**

#### **Written Policies and Procedures**

1. i) Management plans to review the Foundation's financial policies and procedures in the 2019-2020 fiscal year. Ethics, including actions to be taken if an ethics violation takes place and a system to monitor possible ethics violations, will be reviewed for inclusion in the revised policies and procedures.
2. k) Management plans to review the Foundation's financial policies and procedures in the 2019-2020 fiscal year. Disaster recovery and business continuity, including periodic testing/verification that backups can be restored, will be reviewed for inclusion in the revised policies and procedures.

*This institution is an equal opportunity provider. To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider, employer, and lender.*

