

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

FINANCIAL REPORT

June 30, 2017

**OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY**

Opelousas, Louisiana

TABLE OF CONTENTS

June 30, 2017

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITORS' REPORT		1
FINANCIAL STATEMENTS		
Statement of Financial Position	A	3
Statement of Activities	B	4
Statement of Cash Flows	C	5
Notes to Financial Statements	D	6
SUPPLEMENTARY INFORMATION	<u>Schedule</u>	
Schedule of Functional Expenses	A-1	14
Schedule of Compensation, Benefits, and Other Payments to Agency Head	A-2	15
SPECIAL INDEPENDENT AUDITORS' REPORTS		
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 <i>Government Auditing Standards</i>		16
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance		18
Schedule of Expenditures of Federal Awards	A-3	21
Notes of Schedule of Expenditures and Federal Awards		22
Schedule of Findings and Responses		23
Schedule of Prior Year Findings and Responses		28

(continued)

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

	<u>Schedule</u>	<u>Page</u>
Independent Accountants' Report on Applying Agreed-upon-Procedures		29
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	B-1	33
Education Levels of Public School Staff	B-2	34
Number and Type of Public Schools	B-3	35
Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers	B-4	36
Public School Staff Data: Average Salaries	B-5	37
Class Size Characteristics	B-6	38
Louisiana Educational Assessment Program (LEAP)	B-7	39
iLEAP Tests	B-9	40



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Outreach Community Development Corporation
D/B/A J.S. Clark Leadership Academy
Opelousas, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **OUTREACH COMMUNITY DEVELOPMENT CORPORATION, D/B/A J.S. CLARK LEADERSHIP ACADEMY** (a non-profit organization) (the Academy), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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 responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 Academy'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 Academy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 14, the Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 15, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on page 21, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Performance and Statistical Data, included on pages 33 through 40, is not a required part of the basic financial statements but is supplementary information required by Louisiana State Law (R.S. 24:514). We have applied limited procedures, which are described in the Independent Accountants' Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, we express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 29, 2017

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2017

ASSETS

CURRENT ASSETS

Cash	\$ 330,580
Receivables:	
Federal grants	184,531
Other	4,237
Prepaid expenses and other	<u>17,123</u>
Total current assets	536,471
PROPERTY AND EQUIPMENT, net	<u>745,246</u>
Total assets	<u><u>\$ 1,281,717</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued payroll and taxes	\$ 77,600
Accounts payable and other accrued expenses	42,762
Funds held in custody for others	19,030
Line of credit	186,278
Capital lease obligations, current portion	74,549
Notes payable, current portion	<u>25,929</u>
Total current liabilities	<u>426,148</u>

LONG-TERM LIABILITIES

Capital lease obligation, less current portion	109,061
Notes payable, less current portion	<u>323,407</u>
Total long-term liabilities	<u>432,468</u>
Total liabilities	858,616

NET ASSETS - UNRESTRICTED

Total liabilities and net assets	<u><u>\$ 1,281,717</u></u>
----------------------------------	----------------------------

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

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
 Opelousas, Louisiana

STATEMENT OF ACTIVITIES

For the year ended June 30, 2017

REVENUES AND SUPPORT

Minimum foundation program	\$ 2,378,121
Federal sources	910,022
State sources	4,875
Uniforms and fees	64,177
Erate and other	<u>56,056</u>
Total revenues and support	<u>3,413,251</u>

EXPENSES

Program services:	
Instructional	1,482,205
Non-instructional	524,287
Support services:	
Management and general	<u>1,100,540</u>
Total expenses	<u>3,107,032</u>

Increase in net assets	306,219
------------------------	---------

NET ASSETS

Beginning of year, as restated	<u>116,882</u>
End of year	<u><u>\$ 423,101</u></u>

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

**OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY**

Opelousas, Louisiana

STATEMENT OF CASH FLOWS

For the year ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 306,219
Adjustments to reconcile change in net asset to net cash provided by operating activities:	
Depreciation	103,103
Change in operating assets and liabilities:	
Increase in receivables	(107,369)
Decrease in prepaid expenses and other	10,929
Decrease in accounts payable and other liabilities	<u>(45,948)</u>
Net cash provided by operating activities	<u>266,934</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(32,806)</u>
------------------------------------	-----------------

CASH FLOWS FROM FINANCING ACTIVITIES

Borrowings from line of credit	603,834
Payments on line of credit	(618,834)
Payments on capital lease obligations	(72,020)
Payments on notes payable	<u>(24,911)</u>
Net cash used by financing activities	<u>(111,931)</u>

Net increase in cash	122,197
----------------------	---------

CASH

Beginning of year	<u>208,383</u>
End of year	<u>\$ 330,580</u>

Supplemental disclosure of non-cash investing and financing activities:

Assets acquired through capital lease obligation	<u>\$ 170,963</u>
--	-------------------

Supplemental disclosure of cash flow information:

Cash paid during the year for interest	<u>\$ 31,632</u>
--	------------------

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

OUTREACH COMMUNITY DEVELOPMENT CORPORATION D/B/A J.S CLARK LEADERSHIP ACADEMY

Opelousas, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

Outreach Community Development Corporation was incorporated in January 2006, as a non-profit corporation under the laws of the State of Louisiana. The Louisiana State Board of Elementary and Secondary Education (BESE) granted the Corporation a Type 2 Charter to operate J.S. Clark Leadership Academy (the Academy), pursuant to Louisiana Revised Statute 17:3971 et seq. The charter was initially valid through June 2017 and has been extended to June 2020. BESE is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at their expiration or terminate the contract prior to expiration. The Academy's mission is to develop young adults through Project-Based Learning. The Academy started the 2016-2017 school year with approximately 266 students.

Financial statement presentation

The Academy reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, which are described as follows:

Unrestricted Net Assets are net assets that are for general use and not subject to restriction.

Temporarily Restricted Net Assets are net assets subject to donor-imposed stipulations that may or will be met by actions of the Academy and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Academy did not have any temporarily restricted net assets at June 30, 2017.

Permanently Restricted Net Assets are net assets subject to donor-imposed stipulations that the Academy maintain the contribution permanently. The Academy did not have any permanently restricted net assets at June 30, 2017.

The statement of activities presents expenses of the Academy's operations functionally between instructional and non-instructional program services, and management and general.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

Revenues

The Academy receives the significant portion of its revenue from the Louisiana State Department of Education and the United States Department of Education.

Contributions are recognized when the donor makes a promise to give to the Academy that is, in substance, unconditional. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support.

Fair value financial instruments

The carrying value of cash, receivables, prepaid expenses, accounts payable, and accrued expenses approximates fair value due to the short-term maturity of these instruments. None of the financial instruments are held for trading purposes.

Cash

Cash, for purposes of the statement of cash flows, consists of cash on hand, demand deposit and savings accounts. The Academy typically maintains cash in local banks that may, at times, exceed FDIC insured limits of \$250,000. Management believes the risk is limited.

Receivables

Receivables are stated at the amount management expects to collect. Management considers all amounts to be collectible; therefore, no allowance has been recorded at June 30, 2017. The Academy had no receivables outstanding for greater than 90 days.

Property

Property is recorded at cost. The Academy's policy requires assets with unit cost greater than \$5,000 to be capitalized as property. If an asset is donated to the Academy by a third party, its fair market value at the time of the acquisition shall be considered as the acquisition cost. Property acquired with grant funds are disposed of in accordance with grantor requirements. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. Expenses for maintenance and repairs are expensed as incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax-exempt status

The Academy is a non-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Paid time off (PTO)

The Academy's PTO policy states instructional staff members can earn up to ten days of vacation and sick leave during the fiscal year, are not allowed to carryover unused vacation and sick days from year to year, and are not to be paid for unused vacation or sick days at employment termination. At June 30, 2017, the Academy had \$11,700 in accrued PTO related to the Head of School, whose contract provides for payout of accrued PTO upon termination.

Advertising

The Academy expensed advertising costs of \$4,531 in 2017.

Subsequent events

The Academy has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through the date of the independent auditors' report, which was the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

Property, furniture, and equipment acquired by the Academy are considered to be owned by the Academy. However, the State of Louisiana maintains the title to the property and equipment purchased in whole or in part under contracts/grants funded by the State of Louisiana. The State has the right to require the transfer of the property and equipment (including the title) to the State or to an eligible non-state party named by the State. Such transfer may occur at any time.

(Continued)

NOTE 2 - PROPERTY AND EQUIPMENT (CONTINUED)

Property, furniture, and equipment, related service lives, and accumulated depreciation at June 30, 2017 were as follows:

	Estimated Service Lives	Amount
Land	-	\$ 90,000
Construction in progress	-	32,806
Buildings and improvements	7-30 years	568,759
Furniture, fixtures, and equipment	3-7 years	457,297
Vehicles		32,450
		1,181,312
Less: accumulated depreciation		(436,066)
Property and equipment, net		\$ 745,246

Depreciation expense was \$103,103 for 2017.

As of June 30, 2017, the Academy has capitalized equipment acquired through capital leases with a cost of \$353,878 and corresponding accumulated amortization of \$157,091. Amortization expense for these assets was \$47,157 in 2017. Amortization is included in the calculation of depreciation expense.

NOTE 3 - LONG TERM DEBT

Long-term debt at June 30, 2017, consisted of the following:

Notes payable:

\$382,500 mortgage payable, interest at 4%, to finance the purchase of the school building facility. Due in monthly installments of \$2,840 through September 2019 and a balloon payment of \$282,613 in October 2019. \$ 330,238

\$25,184 note payable, at 5.25% to finance the purchase of a van. Due in montly installments of \$478 through February 2021. 19,098

Capital lease obligations:

\$125,354 capital lease obligation, interest at 6% and due in monthly installments of \$340, including interest through January 2020. 108,357

\$36,929 capital lease obligation, interest at 4% and due in monthly installments of \$1,008, including interest through February 2020. 30,672

\$55,061 capital lease obligation, interest at 4% and due in monthly installments of \$723, including interest through July 2019. 17,436

\$26,845 capital lease obligation, interest at 4% and due in monthly installments of \$604, including interest through February 2019. 11,768

\$11,865 capital lease obligation, interest at 4% and due in monthly installments of \$267, including interest through September 2020. 9,790

\$10,833 capital lease obligation, interest at 4% and due in monthly installments of \$245, including interest through September 2020. 4,771

\$37,015 capital lease obligation, interest at 6% and due in monthly installments of \$1,159, including interest through August 2017. 816

Total long-term debt 532,946

Less current portion of long-term debt (100,478)

Long-term debt, less current portion \$ 432,468

All debt is collateralized by the assets purchased.

Year ending June 30th	Note payable	Capital leases	Total
2018	\$ 25,929	\$ 74,549	\$ 100,478
2019	27,059	73,473	100,532
2020	292,663	34,747	327,410
2021	3,685	841	4,526
	<u>\$ 349,336</u>	<u>\$ 183,610</u>	<u>\$ 532,946</u>

NOTE 4 - LINE OF CREDIT

The Academy has a variable interest rate (prime plus 1.75%, or 6.0% at June 30, 2017) revolving line of credit with a borrowing limit of \$220,000 and an outstanding balance of \$186,278 at June 30, 2017.

The line of credit is payable on demand, matures August 2018, and is collateralized by the Academy's deposits held with the creditor's institution.

NOTE 5 - RETIREMENT PLAN

The Academy sponsors an Specimen ERISA 403(b) Plan which covers regular full-time employees of the Academy immediately upon employment. Participants are fully vested after three years of service. Employees may contribute up to the lesser of \$18,000 or 90% of includable compensation. Employer contributions are discretionary and were approximately \$16,000 for 2017.

NOTE 6 - CONCENTRATIONS

The Academy receives the majority of its operating revenue from state and federal grants passed through the Louisiana Department of Education. The continuation of the Academy is contingent upon legislative appropriations or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriations for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract. The contract shall terminate on the date of the beginning of the first fiscal year of which the funds are not appropriated. The percentage of revenue and receivables from these sources are as follows:

	Revenues	Receivables
Minimum foundation program (MFP)	70%	-
Federal grants	28%	98%
Other	2%	2%
Total	100%	100%

NOTE 7 - FUNDS HELD IN CUSTODY

Collections from student activities are funds under the supervision of the Academy; however, these funds belong to the student body and are not available for use in operations. At June 30, 2017 the Academy held \$19,030 in an agency capacity.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Operating lease

In September 2016, the Corporation entered into several operating lease agreements for student transportation with a third-party vendor. These lease agreements are on a month to month basis and require the Corporation to provide liability and physical damage insurance coverage of the leased assets (school busses). The monthly rent under these obligations was \$8,000 during the 9 months of school operations. The total rent paid during the year ended June 30, 2017 was \$89,600.

Claims

The Academy may from time-to-time be subject to claims and liabilities in the normal course of business. A general liability policy has been purchased to cover the costs of such claims.

NOTE 9 - PRIOR PERIOD ADJUSTMENT

During 2017, a prior period adjustment was made to record copier and computer equipment acquired through capital leases during prior years. The difference was applied to the beginning net assets and the related changes in net assets for 2016. The effect of this adjustment is as follows:

	Amount
2016 net assets, end of year, as previously stated	\$ 128,568
Plus: Record cost of acquired assets	179,730
Less: Related accumulated amortization of acquired assets	(109,933)
Less: Capital lease obligation as of June 30, 2016	(81,483)
	<hr/>
2016 net asset, beginning of year, as restated	\$ 116,882
	<hr/> <hr/>

SUPPLEMENTARY INFORMATION

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2017

	<u>Program Services</u>		<u>Support Services</u>	
	<u>Instructional</u>	<u>Non-instructional</u>	<u>Management and General</u>	<u>Total</u>
Expenses:				
Salaries	\$ 791,103	\$ 88,436	\$ 556,536	\$ 1,436,075
Payroll taxes	57,121	29,620	16,504	103,245
Employee benefits	61,713	27,372	12,769	101,854
Technical and professional services	377,694	27,553	66,827	472,074
Materials and supplies	131,761	49,730	34,357	215,848
Food services	-	191,522	-	191,522
Depreciation	-	-	103,103	103,103
Transportation	-	89,600	-	89,600
Insurance	-	-	68,062	68,062
Small tools and equipment	28,725	18,609	20,140	67,474
Travel	26,291	-	21,162	47,453
Repairs and maintenance	-	-	46,655	46,655
Rent	-	-	39,150	39,150
Postage, internet, and telephone	-	-	38,190	38,190
Interest	-	-	31,632	31,632
Utilities	-	-	24,045	24,045
Other	7,797	1,845	21,408	31,050
Total expenses	<u>\$ 1,482,205</u>	<u>\$ 524,287</u>	<u>\$ 1,100,540</u>	<u>\$ 3,107,032</u>

See Independent Auditors' Report

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
 Opelousas, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
 OTHER PAYMENTS TO AGENCY HEAD**

June 30, 2017

Agency Head: Tiffanie Lewis, CEO and Head of School

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 100,980
Payroll taxes	8,215
Benefits - insurance	19,188
Benefits - retirement	8,423
TIF Grant - supplemental pay	6,404
Operational allowance	3,600
Car allowance	4,500
	<u>\$ 151,310</u>

Reports on Internal Control and Compliance

**OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY**
Opelousas, Louisiana

June 30, 2017



**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
Outreach Community Development Corporation
D/B/A J.S. Clark Leadership Academy
Opelousas, 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 **OUTREACH COMMUNITY DEVELOPMENT CORPORATION, D/B/A J.S. CLARK LEADERSHIP ACADEMY** (the Academy) (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control Over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies.

We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies: 2017-001, 2017-002 and 2017-003.

Compliance and Other Matters

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

The Academy's Response to Findings

The Academy's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Academy's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.


Certified Public Accountants

Baton Rouge, Louisiana
December 29, 2017



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

To the Board of Directors
Outreach Community Development Corporation
D/B/A J.S. Clark Leadership Academy
Opelousas, Louisiana

Report on Compliance for Each Major Federal Program

We have audited **OUTREACH COMMUNITY DEVELOPMENT CORPORATION, D/B/A J.S. CLARK LEADERSHIP ACADEMY's** (the Academy's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2017. The Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Academy's major federal award programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-002, and 2017-003. Our opinion for each major program is not modified with respect to these matters.

The Academy's Response to Findings

The Academy's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Academy's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the Academy is responsible for establishing and maintaining effective internal controls over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Academy's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstance for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002, that we consider to be significant deficiencies.

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.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 29, 2017

J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/ Pass-Through Grantor/ Program Name	Grant Year	Grantor Project Number	CFDA Number	Expenditures 2017
<u>UNITED STATES DEPARTMENT OF AGRICULTURE</u>				
Pass-through program from Louisiana Department of Education:				
* School Lunch Program	16-17		10.555 ¹	98,988
* School Breakfast Program	16-17		10.553 ¹	49,056
Total Child Nutrition Cluster Expenditures				148,044
Child and Adult Care Food Program	16-17		10.558	31,605
Total United States Department of Agriculture Expenditures				179,649
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-through program from Louisiana Department of Education:				
Jobs for Americas Graduates (JAG)	16-17	28-17-JS-VK	93.558	82,233
<u>UNITED STATES DEPARTMENT OF EDUCATION</u>				
Passed through Louisiana Department of Education:				
Title I Grants to Local Educational Agencies	16-17	28-17-T1-vn	84.010A	128,962
IDEA Part B 611	16-17	28-1-B1-vn	84.027A	63,564
* 21st Century Community Learning Center	16-17	28-17-2C-vn	84.287C	223,374
Title II Improving Teacher Quality State Grants	16-17	28-17-50-vn	84.367A	17,587
Teacher and School Leader Incentive Grants	16-17	28-17-TP-vn	84-374A	44,457
Carl Perkins	15-16		84.048	58,900
Carl Perkins	16-17		84.048	82,752
Rural Education Achievement Program	16-17		84.358A	28,543
Total Department of Education Expenditures				648,139
Total Expenditures of Federal Awards				\$ 910,021

¹ Child Nutrition Cluster

* Tested as major programs

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

NOTES TO FINANCIAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2017

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Outreach Community Development Corporation D/B/A JS Clark Leadership Academy (the Academy), a non-profit organization. The Academy's reporting entity is defined in Note 1 to the Academy's financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Academy's financial statements.

NOTE 3 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2017

1) Summary of Audit Results:

- a) The type of report issued on the basic financial statements: **Unmodified opinion.**
- b) Significant deficiencies in internal control disclosed by the audit of financial statements: **2017-003.**

Material weaknesses: **None.**

- c) Noncompliance which is material to the financial statements: **None.**
- d) Significant deficiencies in internal control over major programs: **2017-001 and 2017-002.**

Material weaknesses: **None.**

- e) The type of report issued on compliance for major programs: **Unmodified opinion.**
- f) Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **None.**
- g) Identification of Major Programs:

U.S. Department of Agriculture

Child Nutrition Cluster:

National School Breakfast Program	CFDA 10.553
National School Lunch Program	CFDA 10.555

U.S. Department of Education

Twenty First Century Community Learning Centers	CFDA 84.287C
---	--------------

- h) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000.**
- i) Auditee qualified as a low-risk auditee: **No.**

2) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: 2017-001, 2017-002, and 2017-003.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY
Opelousas, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2017

3) Findings - Federal Award Findings and Questioned Costs

**2017-001 - Internal Controls over Allowable Activities for Twenty
First Century Community Learning Centers (21st CCLC)**

Criteria: Costs charged to the 21st CCLC Program (CFDA #84.287C) are required to be consistent with federal cost principles under the Uniform Guidance 2 CFR Part 200 (Uniform Guidance).

Condition: Review of 10 reimbursement requests submitted to the 21st CCLC program discovered errors related to salaries, payroll taxes and related benefits expenses. Of the 10 reimbursement requests reviewed, 5 requests contained discrepancies when traced to original source documents and payroll journals. Discrepancies noted in 3 of the requests resulted in the Academy being over reimbursed for a total of \$232.74, while discrepancies in the other 2 requests resulted in the Academy being under-reimbursed by \$256.51, for a net under-reimbursement of \$23.77. The projected total program misstatement \$1,040.

Cause: The Academy should enhance controls to ensure reimbursement requests submitted to the 21st CCLC Program are allowable under the Uniform Guidance.

Effect: The Academy submitted information for reimbursement for expenses that were not incurred through the Program.

Recommendation: The Academy should standardize templates that are completed for each reimbursement request. Management should review the request before submission to the 21st CCLC Program to ensure all costs reimbursement request are accurately prepared.

Views of responsible officials: The Academy will continue to ensure that reimbursement requests submitted to 21st CCLC Program are allowable under the Uniform Guidance. These costs are preapproved by the state before reimbursements are requested.

The Academy has secured payroll reports (payroll is reviewed and approved by CEO) from the 3rd party payroll provider that has payroll totals by grant that are being used for reimbursements request. All requests are reviewed and approved by the CEO.

3) Findings - Federal Award Findings and Questioned Costs (Continued)

2017-002 - Internal Controls over Allowable Activities for National School Breakfast Program

Criteria: Activities charged to the National School Breakfast Program (CFDA #10.553) are required to be consistent with activities allowable under the Uniform Guidance 2 CFR Part 200 (Uniform Guidance).

Condition: The Academy originally provided manual check-in sheets to support the number of students who participated in the breakfast program for 4 months of the fiscal year. Review of this documentation indicated variances in the number of students who received free breakfast compared to the meals reimbursed to the Academy. Of the months reviewed, 67 discrepancies for meals were discovered when tracing daily check count sheets to supporting schedules for reimbursement requests. The discrepancies contained 3 meals over reimbursed for a total of \$6.12. Furthermore, the discrepancies contained 64 meals served but not reimbursed for a total \$114.24. The total projected reimbursement understatement is estimated to be \$442.

Upon review of the results with management of the manual check-in sheets, the Academy informed us that spreadsheets were utilized to prepare the reimbursement request data support. The results of this testing noted 3 discrepancies of 28 days tested in which the Academy claimed reimbursement. The Academy was over reimbursed \$6.12 on one day noted on and under reimbursed by \$8.16 on two days noted. The total projected under reimbursement is estimated to be \$66.

Cause: The Academy should enhance document retention procedures for reimbursement requests prepared for the number of students receiving breakfast meals within the Program.

Effect: The Academy's reimbursement amounts for the breakfast program did not agree to the actual number of meals served and reimbursed for under the Program.

Recommendation: The Academy should implement an automated processes related to the tracking and processing of meals being served. These automated reports should then be used in the reimbursement process, with minimal manual adjustments, to reduce the likelihood of human error.

Views of responsible officials: Proper documents were provided to the Audit Company regarding this unsubstantiated finding. After much conversation and the company charging me for time spent reviewing the correct documents Faulk & Winkler still felt it was material to keep as a finding. JSCLA does have a computerized system for tracking breakfast and lunch and in addition have a backup for when that system is down, or documents cannot be obtained (I did explain that the third-party company had an issue with our data and the file was corrupt and the Audit company was offered the option to receive documentation on that corruption from the third party for which the audit company only wanted to accept that computerized document and not our backup system that is used). In our USDA documents it is stated that both the computerized and out backup spreads would be used so JSCLA is in compliance with these documents and the submission of them to the audit company.

4) Findings - Internal Controls over Financial Statements

2017-003 - Internal Controls over Cash Receipts

Criteria: The Academy should have internal controls in place to ensure cash collections from various events are complete and accurately recorded in the financial statements.

Condition: Through performance of the Statewide Agreed-Upon Procedures as prescribed by the Louisiana Legislative Auditor, it was discovered cash deposits were not adequately supported for athletic admissions, concession stands, and student activity funds. The Academy does not reconcile ticket sales to ticket stubs sold. Furthermore, there is no reconciliation of food and beverages sold at concession stands to amounts collected. Lastly, the Academy could not provide adequate documentation to support the deposit amount for student activity funds.

Cause: The Academy does not have internal controls in place to ensure funds collected from athletic admissions, concession stands, and student activity funds are complete.

Effect: The Academy could experience a loss of revenue provided from athletic events and concession sales due to the fact there are no controls in place to ensure amounts remitted for deposit are complete. Additionally, lack of documentation for student activity funds may cause the Academy to incur costs related to these activities.

Recommendation: Management should implement controls to reconcile athletic event ticket stubs and concession stand inventory to the collection amounts remitted for deposit. Additionally, all pre-numbered receipts related to student activity funds should document the nature of activity for reconciliation to the general ledger.

Views of responsible officials: All documents requested were reviewed onsite and or turned into the audit company as requested. The audit company is stating on 12/29/17 at 12:45 pm that they asked for documents to backup receipts number 215 and 402 - during a time when school is closed, and no workers are on duty; which they were informed of this upon engagement.

**OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/A J.S. CLARK LEADERSHIP ACADEMY**
Opelousas, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended June 30, 2017

There were none.

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



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

To the Board of Directors
Outreach Community Development Corporation
d/b/a J.S. Clark Leadership Academy
Baton Rouge, Louisiana

Dear Board Members:

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of **OUTREACH COMMUNITY DEVELOPMENT CORPORATION, D/B/A J.S. CLARK LEADERSHIP ACADEMY** (the Academy) and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the Academy and statistical data accompanying the annual financial statements of the Academy and to determine whether the specified schedules are free of obvious errors and omissions as required by the Board of Elementary and Secondary Education (BESE) Bulletin. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

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

Exceptions Noted: None

Schedule B-2: Education Levels of Public School Staff

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule B-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2016.

Exceptions Noted: None

3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule B-4) to the combined total of principals and assistant principals per this schedule as of October 1, 2016.

Exceptions Noted: None

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2016 and as reported on the schedule (Schedule B-4). We traced each entry on the schedule to the individual’s teaching certificate issued by a State Department of Education to determine if the individual’s education level was properly classified on the schedule.

Exceptions Noted: None

Schedule B-3: Number and Type of Public Schools

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application.

Exceptions Noted: None

Schedule B-4: Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2016 and as reported on the schedule and traced each entry on the schedule to the individual’s personnel file to determine if the individual’s experience was properly classified on the schedule.

Exceptions Noted: None

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

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

Exceptions Noted: None

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Exceptions Noted: None

Schedule B-6: Class Size Characteristics

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule B-3 data, as obtained in procedure 5. We then traced each class to the June 30, 2017 class rosters and determined if the class was properly classified on the schedule.

Exceptions Noted: None

Schedule B-7: Louisiana Educational Assessment Program (LEAP)

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

Exceptions Noted: The attached schedule reflects accurate information, although multiple revisions were required upon performance of the agreed upon procedures.

Schedule B-8: Graduation Exit Examination (GEE)

11. The Graduation Examination (GEE) is no longer administered. This schedule is no longer applicable.

Schedule B-9: iLEAP Tests

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

Exceptions Noted: The attached schedule reflects accurate information, although multiple revisions were required upon performance of the agreed upon procedures.

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

This report is intended solely for the use of management of **OUTREACH COMMUNITY DEVELOPMENT CORPORATION, D/B/A J.S. CLARK LEADERSHIP ACADEMY**, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 29, 2017

**OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/S J.S. CLARK LEADERSHIP ACADEMY**

Opelousas, Louisiana

**General Fund Instructional and Support Expenditures and
Certain Local Revenue Sources
For the Year Ended June 30, 2017**

	Column A	Column B
General Fund Instructional Expenditures		
<hr/>		
General Fund Instructional Expenditures		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 475,963	
Other Instructional Staff Activities	26,490	
Instructional Staff Employee Benefits	80,643	
Purchased Professional and Technical Services	149,960	
Instructional Materials and Supplies	91,740	
Instructional Equipment	<u>51,135</u>	
Total Teacher and Student Interaction Activities		\$ 875,931
Other Instructional Activities		78,201
Pupil Support Services		107,107
Instructional Staff Services		1,987
School Administration		<u>463,032</u>
Total General Fund Instructional Expenditures		<u>\$ 1,526,258</u>
Total General Fund Equipment Expenditures		<u>\$ -</u>
Certain Local Revenue Sources		
<hr/>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$ -
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collectional by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		<u>-</u>
Total Local Taxation Revenue		<u>-</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		-
Earnings from Other Real Property		<u>-</u>
Total Local Earnings on Investment in Real Property		<u>-</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		<u>-</u>
Total State Revenue in Lieu of Taxes		<u>-</u>
Nonpublic Textbook Revenue	\$	<u>-</u>
Nonpublic Transportation Revenue	\$	<u>-</u>

**OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/S J.S. CLARK LEADERSHIP ACADEMY**

Opelousas, Louisiana

Education Levels of Public School Staff

As of June 30, 2017

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	3	21%	-	-	-	-
Bachelor's Degree	5	71%	9	64%	-	-	-	-
Master's Degree	2	29%	2	14%	1	100%	-	-
Master's Degree + 30	-	-	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
Total	7	100%	14	100%	1	100%	-	0%

**OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/S J.S. CLARK LEADERSHIP ACADEMY**

Opelousas, Louisiana

**Number and Type of Public Schools
For the Year Ended June 30, 2017**

Type	Number
Elementary	-
Middle/Jr. High	-
Secondary	-
Combination	1
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

**OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/S J.S. CLARK LEADERSHIP ACADEMY**

Opelousas, Louisiana

**Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
As of June 30, 2017**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	-	-	-	-
Principals	-	-	-	-	1	-	-	1
Classroom Teachers	6	5	2	3	1	2	2	21
Total	6	5	2	3	2	2	2	22

**OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/S J.S. CLARK LEADERSHIP ACADEMY**

Opelousas, Louisiana

**Public School Staff Data: Average Salaries
For the Year Ended June 30, 2017**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$ 37,160	\$ 37,160
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 37,160	\$ 37,160
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	21	21

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/S J.S. CLARK LEADERSHIP ACADEMY

Opelousas, Louisiana

Class Size Characteristics

As of June 30, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	78.2%	86	18.2%	20	3.6%	4	0.0%	-
Combination Activity Classes	89.5%	17	5.3%	1	0.0%	-	5.3%	1

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.

**OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/S J.S. CLARK LEADERSHIP ACADEMY**

Opelousas, Louisiana

**Louisiana Educational Assessment Program (LEAP) - ELA & Math
For the Year Ended June 30, 2017**

Note: JS Clark Leadership Academy did not have any third or fourth graders this school year.

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	< 1	< 1	< 1	< 1	< 1	9
Mastery	14	30	25	< 1	6	28
Basic	24	36	41	14	36	38
Approaching Basic	62	28	25	62	43	16
Unsatisfactory	0	6	9	24	15	9
Total	100	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	< 1	< 1	5	< 1	< 1	< 1
Mastery	21	22	14	18	3	10
Basic	47	53	48	32	31	33
Approaching Basic	29	25	28	50	53	38
Unsatisfactory	3	< 1	5	< 1	13	19
Total	100	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	7	< 1	< 1	< 1	< 1
Mastery	10	25	3	4	8	2
Basic	35	43	43	27	35	20
Approaching Basic	39	18	42	42	56	55
Unsatisfactory	14	7	12	27	1	23
Total	100	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	< 1	< 1	< 1	< 1	< 1
Mastery	18	30	21	10	3	< 1
Basic	36	43	45	15	6	22
Approaching Basic	32	21	31	33	47	37
Unsatisfactory	11	6	3	42	44	41
Total	100	100	100	100	100	100

**OUTREACH COMMUNITY DEVELOPMENT CORPORATION
D/B/S J.S. CLARK LEADERSHIP ACADEMY**

Opelousas, Louisiana

**LEAP Tests - Science & Social Studies
For the Year Ended June 30, 2017**

Note: JS Clark Leadership Academy did not have any third or fourth graders this school year.

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	< 1	< 1	1	< 1	N/A	1
Mastery	< 1	< 1	9	< 1	N/A	3
Basic	24	55	53	14	N/A	44
Approaching Basic	38	24	19	43	N/A	34
Unsatisfactory	38	21	18	43	N/A	18
Total	100	100	100	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	< 1	< 1	1	3	N/A	1
Mastery	9	< 1	5	6	N/A	5
Basic	53	41	33	26	N/A	62
Approaching Basic	26	50	43	50	N/A	27
Unsatisfactory	12	9	18	15	N/A	5
Total	100	100	100	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	< 1	1	1	< 1	N/A	1
Mastery	12	13	3	10	N/A	5
Basic	31	43	47	24	N/A	56
Approaching Basic	37	36	37	27	N/A	31
Unsatisfactory	20	7	12	39	N/A	7
Total	100	100	100	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	< 1	< 1	1	2	N/A	1
Mastery	3	< 1	4	5	N/A	1
Basic	23	24	37	27	N/A	56
Approaching Basic	39	59	54	36	N/A	26
Unsatisfactory	35	17	4	30	N/A	16
Total	100	100	100	100	N/A	100



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Outreach Community Development Corporation,
d/b/a J.S. Clark Leadership Academy,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Outreach Community Development Corporation, d/b/a J.S. Clark Leadership Academy (the Academy) 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, 2016 through June 30, 2017. The Academy's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

The Academy has a policy over budgeting within their by-laws that addresses the preparation and adoption processes. The policy does not address monitoring or amending the budget.

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

The Academy's policies and procedures over purchasing addresses all the criteria listed above.

- c. Disbursements, including processing, reviewing, and approving.

The Academy's written policies and procedures address these areas.

- d. Receipts, including receiving, recording, and preparing deposits.

The Academy's written policies and procedures address these areas.

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

The Academy's written policies and procedures address these areas.

- 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.

The Academy's policies address the standard terms and conditions and approval processes for contracts. The policies do not address the types of services requiring written contracts, legal review, or the monitoring process.

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

The Academy's written policies and procedures address these areas.

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

The Academy's written policies and procedures address these areas.

- 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. Note: Ethics requirements are not applicable to nonprofits.

The Academy's written policies and procedures address these areas.

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

The Academy's policies do not explicitly address debt service. However, the Academy's general contracting/lease policy precludes the Academy employees from entering into any contract or lease with payments in excess of one year, or borrowing any funds in the Academy's name. All other criteria is not addressed.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:

- a. Report whether the managing board met (with quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Board did not meet in July 2016, October 2016, November 2016, February 2017 and May 2017. Based on the Academy's bylaws, the Board is only required to meet at least 4 times annually. Of the seven meetings in the current fiscal year, a quorum was present in six meetings.

- b. Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The minutes do not reference monthly budget to actual comparisons.

- c. Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The Academy's minutes discussed non-budgetary financial information, including approval of contracts, accounting policies, and other financial policies.

Bank Reconciliations

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

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

- 4. Using the listing provided by management, select all the of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

The Academy has three bank accounts and, therefore, all bank accounts were selected.

- a. Bank reconciliations have been prepared;

Monthly bank reconciliations were prepared for each bank account with monthly activity without exception. Reconciliations are not prepared for accounts in which there is no activity during the month.

- b. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Reconciliations included signature denoting management or board member has reviewed the reconciliation without exception.

- c. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

This criteria was not applicable as the reconciliations contained no reconciling items outstanding for more than 6 months at the end of the period.

Collections

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

Management provided a listing of all cash collection locations (2).

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

The Academy has two cash collection locations, and both locations were selected.

- a. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Cash receipt procedures are outlined in the Academy's policy. The manual states two employees should be involved in the cash collection and depositing processes and, when possible, an employee who did not take part in the cash collection or counting process should be responsible for depositing funds into the bank. Additionally, all money collected at the Academy shall be receipted and deposited on a weekly basis into the Academy's bank account. Cash registers are not used within the Academy's cash receipt processes.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Academy's policy states all money collected over \$1 must be receipted in the pre-numbered receipt books located in the secretary's desk. No formal process to reconcile cash collections to the general ledger is outlined within the Academy's Policy Manual.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

Based on the summary schedule of collections provided by management, it was noted that deposits were not made on a daily or weekly basis. Therefore, the largest deposit was selected along with an additional two deposits.

- i. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

All collections were traced to the bank statements. The deposit day lag for each selection were 37, 28, and 21 days, for an average of 22 days.

- ii. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

\$3,088 of collections lacked proper supporting documentation. \$1,380 was related to a student uniform sale with the other \$1,708 related to various student activities, including temporary ID sales, sports admission, and concession stand sales. We noted the Academy did not track gate receipts as outlined within their Accounting Policy Manual.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Academy's policy outlines processes to ensure collections are complete.

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

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

Check register of disbursement for all cash accounts for the year ended June 30, 2017 was obtained. Management represented that the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

The Academy's policy states that purchase orders are only to be used for purchases over \$5,000. All purchases over \$5,000 were properly initiated by a purchase order and/or board approval.

- b. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions noted.

- c. Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No exceptions noted.

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

One individual who is responsible for processing payments also has the ability to add vendors to the entity's purchasing/disbursement system.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted. The CEO does have a signature stamp that is maintained under her control, is used by only her, and signed checks are kept by her until mailed.

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

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

Management provided a listing of all active credit cards and names of individuals with access to the cards. Management represented that the listing was complete.

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

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

The Academy has credit cards from two different banks, for a total of six cards.

- a. Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

The CEO approves all credit cards statements and signs checks for payment. The Academy does not have policies or procedures in place for approving the CEO's credit card statement.

- b. Report whether finance charges and/or late fees were assessed on the selected statements.

There were 10 instances out of 72 total statements where late fees were incurred on the credit cards. We reviewed correspondence between financial institutions and management, noting that payments were being applied to the wrong card, therefore, building up late payments in later months. The issue has been resolved and the Academy has discontinued the use of these cards.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
 - a. For each transaction, report whether the transaction is supported by:
 - i. An original itemized receipt (i.e., identifies precisely what was purchased)

Two of 47 charges selected totaling \$89 lacked proper supporting documentation.

- ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Meal receipts did not indicate the individuals participating.

- iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The Academy's policy states all meal receipts need to be notated with individuals participating in the meal. As notated above, meal receipts did not include all members participating.

- b. For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c. For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

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

The general ledger was filtered to create a listing of all travel expense reimbursements. Management represented that the ledger was complete.

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

Travel and expense reimbursement are outlined in the Academy's policy, stating the rate of reimbursement shall be the state approved rate according to the Travel Guide. Receipts for all charges need to be submitted for reimbursement.

(Continued)

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail.

Once we determined the individuals who incurred the most expenses during the fiscal year, we reviewed the general ledger for the largest expense per employee. Upon review, we noted a large journal entry for \$15,734. Per discussion with Lilly, these charges were related to a conference in which ten individuals attended. All individuals selected for testing attended the trip and the expenses were allocated to the individuals in attendance for purposes of determining the largest travel expense for the selected individuals.

- a. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

All expense reimbursement documentation was prepared in accordance with the Academy's written policies which include per diem rates in accordance with the State of Louisiana Travel Guide. The Academy adhered to these policies and rates, except as noted in step b. below.

- b. Report whether each expense is supported by:

- i. An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exceptions noted.

- ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

It was noted that there was an additional meal charge for ten individuals totaling \$573 while at the conference referenced above. This charge was in addition to the per diem received by the attendees. The documentation did not include the individuals participating.

- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c. Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

All transactions have business purposes in compliance with Article 7, Section 14, with no prohibited activity noted.

- d. Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The CEO approves all credit cards statements and signs checks for payment. The Academy does not have policies or procedures in place for approving the CEO's travel charges within the credit card statement. The Academy does have a board member review and approve expense reimbursements made directly to the CEO.

Contracts

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

We obtained a listing of all vendors and the disbursements paid to them and selected the top five vendors who received the most disbursements throughout the fiscal year. Management has represented the listing as complete.

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

- a. Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No exceptions noted.

- b. Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

No contracts selected for testing were subject to public bid law, therefore, no comparison to legal requirements was performed.

- ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

There was no evidence that the Academy solicited quotes as a best practice.

- c. Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

The contracts selected were not amended during the current fiscal period. We noted one contract was extended with no material changes.

- d. Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No exceptions noted.

- e. Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

No exceptions noted. All contracts selected were properly supported by written approval of the CEO or Board President, as outline in the Academy's Accounting Policy Manual. All contacts were signed by these individuals without exception.

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a. Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b. Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

No exceptions noted.

- b. Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted. Electronic supervisor approval was made for all attendance and leave of the selected employees.

- c. Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted. All leave records are maintained within the Academy's payroll software to track available and used vacation hours.

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

The Academy does not make termination payment as all vacation and sick leave must be used or at is forfeited, therefore, testing not applicable. None made in 2017.

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

All payroll taxes and retirement contributions were submitted to applicable agencies by their required deadlines without exception.

Ethics

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

No exceptions noted.

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

There were no alleged ethics violations during the fiscal period based on inquiry with management.

Debt Service (excluding nonprofits)

Items 28-30 are not applicable to non-profits.

Other

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

Per inquiry with management, there have been no misappropriation of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Academy has posted the require noticed within the premise, but it is not present on the Academy's website.

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

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.

Faulk & Winkley, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 29, 2017