

**THE MAXINE GIARDINA  
CHARTER SCHOOL, INC.**

Audit of Consolidated Financial Statements

June 30, 2017



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## Independent Auditor's Report

To the Board of Directors  
The Maxine Giardina Charter School, Inc.  
Thibodaux, Louisiana

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Maxine Giardina Charter School, Inc. (the School), which comprise the consolidated statement of financial position as of June 30, 2017, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of governing board, the schedule of compensation, benefits, and other payments to agency head, and the consolidating statements of financial position and activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The performance and statistical data, included as schedules 1 through 9, is not a required part of the consolidated financial statements, but is supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. We have applied certain limited procedures, which are described in the independent accountant's report on applying agreed-upon procedures. However, we did not audit this information and, accordingly, express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2017, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA  
December 20, 2017

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Consolidated Statement of Financial Position**  
**June 30, 2017**

<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 701,851
Grants Receivable	7,946
Other Current Assets	<u>8,735</u>
<b>Total Current Assets</b>	<u>718,532</u>
<b>Fixed Assets</b>	
Building	635,945
Machinery and Equipment	227,197
Improvements	126,125
Accumulated Depreciation	<u>(660,424)</u>
<b>Total Fixed Assets, Net</b>	<u>328,843</u>
<b>Total Assets</b>	<u><u>\$ 1,047,375</u></u>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$ 22,210
Accrued Liabilities	<u>105,146</u>
<b>Total Current Liabilities</b>	<u>127,356</u>
<b>Net Assets</b>	
Unrestricted	<u>920,019</u>
<b>Total Net Assets</b>	<u>920,019</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,047,375</u></u>

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

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2017**

	<b>Unrestricted</b>
<b>Revenue, Grants, and Other Support</b>	
State Public School Funding	\$ 1,210,370
Donations	80,065
Other Income and Gains, Net	73,305
Federal Grant Revenue	55,764
Other Grant Revenue	<u>14,859</u>
<b>Total Revenue, Grants, and Other Support</b>	<u>1,434,363</u>
<b>Expenses</b>	
<b>Program Services</b>	
Regular Education Programs	799,268
School Administration	352,078
Special Education Programs	131,110
Depreciation	70,112
Operation and Maintenance of Plant Services	64,634
Other Instructional Programs	46,805
Pupil Support Services	13,164
Instructional Staff Services	6,090
<b>Management and General</b>	
General Administration	42,080
Business Services	<u>750</u>
<b>Total Expenses</b>	<u>1,526,091</u>
<b>Change in Net Assets</b>	(91,728)
<b>Net Assets, Beginning of Year</b>	<u>1,011,747</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 920,019</u></u>

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

**THE MAXINE GIARDINA CHARTER SCHOOL, INC**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended June 30, 2017**

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ (91,728)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation	70,112
(Increase) Decrease in Grants Receivable	8,141
Other Current Assets	(782)
Increase (Decrease) in Accounts Payable	(726)
Accrued Liabilities	8,824
Cash Overdraft	<u>(14,434)</u>
<b>Total Adjustments</b>	<u>71,135</u>
<b>Net Cash Used in Operating Activities</b>	<u>(20,593)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(20,593)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>722,444</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 701,851</u></u>

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

# THE MAXINE GIARDINA CHARTER SCHOOL, INC.

## Notes to Consolidated Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### Principles of Consolidation

The consolidated financial statements include the accounts of the The Maxine Giardina Charter School, Inc. and Max Charter School Foundation, Inc. All material intercompany transactions have been eliminated.

#### Organization and Nature of Activities

The Maxine Giardina Charter School, Inc., d/b/a The Max Charter School (the School), was created as a non-profit corporation under the laws of the State of Louisiana (the State) on June 27, 2006. The School applied to the Louisiana Board of Elementary and Secondary Education (BESE) to operate a Type 2 charter school. On June 6, 2007, BESE approved the charter of the School. The charter was granted for an initial term of 3 years. The School was granted a 2-year extension, an additional 3-year extension, and most recently another 3-year extension of the contract pursuant to Louisiana Revised Statutes (LRS) 17:3992 and 3998, which expires in 2018.

The School serves eligible students in first through eighth grade. The School specializes in instruction for students with dyslexia and other related learning disabilities. A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

Max Charter School Foundation, Inc. (the Foundation) was established on March 10, 2017, to assist the School in its education mission.

#### Basis of Presentation

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

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

#### Basis of Accounting

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

# THE MAXINE GIARDINA CHARTER SCHOOL, INC.

## Notes to Consolidated Financial Statements

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

#### Revenues

The School's primary source of funding is through the State Public School Fund. For the year ended June 30, 2017, the School received \$1,210,370 from the State based on eligible students in attendance paid on a monthly basis. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses occur.

#### Fixed Assets and Depreciation

Fixed assets are recorded at historical cost or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School.

Depreciation of fixed assets is calculated using the straight-line method over the estimated useful lives of the assets. The following are the estimated useful lives of the fixed assets of the School:

Improvements	4 - 5 Years
Machinery and Equipment	5 - 10 Years
Building	15 Years

#### Income Taxes

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

#### Statement of Cash Flows

For purposes of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents.

#### Use of Estimates

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

#### Concentrations

The School received 85% of its revenues for the year ended June 30, 2017, from the State of Louisiana, subject to its charter school contract with the State.

#### Compensated Absences

The Board of Directors of the School grants all contracted employees of the School a total of 10 days of sick/personal pay per year, provided, however, that the employee is contracted for a full year. Contracted employees may carry over all unused sick/personal days from year to year. The liability at June 30, 2017 is considered to be immaterial and is not recorded in the accompanying consolidated financial statements.

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

**Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled to when products are transferred to customers. ASU 2014-09 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. Management is currently evaluating the impact of ASU 2014-09 on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2019. Management is currently evaluating the impact of adopting ASU 2016-02 on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which amends the existing requirements for the financial statements and notes of not-for-profit entities (NFP). This update is the first phase of the FASB's two phase project. Entities are required to present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes. That is, a NFP will report amounts for *net assets without donor restrictions*, as well as the currently required amount for total net assets. There are additional enhanced disclosure requirements included in this update. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The amendments in this update should be applied on a retrospective basis in the year that the update is first applied. However, if presenting comparative financial statements, a NFP has the option to omit certain information for any periods presented before the period of adoption. Management is currently evaluating the impact of ASU 2016-14 on its consolidated financial statements.

# THE MAXINE GIARDINA CHARTER SCHOOL, INC.

## Notes to Consolidated Financial Statements

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### Note 2. Cash and Cash Equivalents

The School's cash and cash equivalents (book balances) at June 30, 2017, were \$701,851, which are stated at cost and approximate market.

The School periodically maintains cash in bank accounts in excess of insured limits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

### Note 3. Fixed Assets

Depreciation expense for the year ended June 30, 2017, was \$70,112.

All assets acquired with Louisiana Department of Education funds are owned by the School while used in the purpose for which they were purchased. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency. Assets purchased with private funds remain the property of the School.

### Note 4. Accrued Liabilities

As of June 30, 2017, the School had recorded accrued liabilities of \$105,146. This amount represents teachers' accrued salaries and benefits.

### Note 5. Retirement Plans

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

#### Plan Description

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

# THE MAXINE GIARDINA CHARTER SCHOOL, INC.

## Notes to Consolidated Financial Statements

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### Note 5. Retirement Plans (Continued)

#### Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The School is required to contribute at an actuarially determined rate. During the year ended June 30, 2017, the employer contribution rate was 25.5%. Member contributions and employer contributions for the TRSL are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The School's contributions to the plan for the year ended June 30, 2017 was \$198,274, which is equal to the required contributions for the year.

### Note 6. Operating Lease

The School leases the 1.93 acres of land on which the School is located from Nicholls State University under an operating lease through July 2018. The School pays rent in the sum of \$5 per year on the lease.

### Note 7. Uncertain Income Taxes

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The School believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in general administration expenses.

### Note 8. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 20, 2017, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

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

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

To the Board of Directors  
The Maxine Giardina Charter School, Inc.  
Thibodaux, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of The Maxine Giardina Charter School, Inc. (the School), the Louisiana Department of Education, and the Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual consolidated financial statements of the School for the fiscal year ended June 30, 2017, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514-1. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

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

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

Findings:

None

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

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

Findings:

None

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

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

Findings:

None

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

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

Findings:

None

Public School Staff Data (Schedule 5)

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

Findings:

None

Class Size Characteristics (Schedule 6)

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

Findings:

None

Louisiana Educational Assessment Program (LEAP) - ELA and Math (Schedule 7)

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

Findings:

None

Graduation Exit Exam (Schedule 8)

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

Louisiana Educational Assessment Program (LEAP) - Science and Social Studies (Schedule 9)

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

Findings:

None

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

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

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

A Professional Accounting Corporation

Covington, LA  
December 20, 2017

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Schedules Required by Louisiana State Law**  
**(R.S. 24:514 - Performance and Statistical Data)**  
**As of and for the Year Ended June 30, 2017**

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

**Schedule 2 - Education Levels of Public School Staff**

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

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

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

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

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

**Schedule 5 - Public School Staff Data**

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

**Schedule 6 - Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Schedule 7 - Louisiana Educational Assessment Program (LEAP) - ELA and Math**

This schedule represents student performance testing data and includes summary scores for grades 3, 4, 5, 6, 7, and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**Schedule 8 - Graduation Exit Exam**

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

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Schedules Required by Louisiana State Law**  
**(R.S. 24:514 - Performance and Statistical Data)**  
**As of and for the Year Ended June 30, 2017**

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**Schedule 9 - Louisiana Educational Assessment Program (LEAP) - Science and Social Studies**

This schedule represents student performance testing data and includes a summary score for grades 3, 4, 5, 6, 7, and 8. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the State. This schedule includes three years of data.

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**General Fund Instructional and Support Expenditures**  
**and Certain Local Revenue Sources**  
**For the Year Ended June 30, 2017**

**Schedule 1**

**General Fund Instructional and Equipment Expenditures**

**General Fund Instructional Expenditures**

Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 443,689	
Other Instructional Staff Salaries	166,150	
Instructional Staff Employee Benefits	257,261	
Purchased Professional and Technical Services	5,825	
Instructional Materials and Supplies	50,552	
Instructional Equipment	-	
<b>Total Teacher and Student Interaction Activities</b>		<b>\$ 923,477</b>
Other Instructional Activities		3,107
Pupil Support Services	13,164	
Less: Equipment for Pupil Support Services	-	
<b>Net Pupil Support Services</b>		<b>13,164</b>
Instructional Staff Services	2,501	
Less: Equipment for Instructional Staff Services	-	
<b>Net Instructional Staff Services</b>		<b>2,501</b>
School Administration	350,502	
Less: Equipment for School Administration	(1,499)	
<b>Net School Administration</b>		<b>349,003</b>
<b>Total General Fund Instructional Expenditures</b>		<b><u>\$ 1,291,252</u></b>
<b>Total General Fund Equipment Expenditures</b>		<b><u>\$ 1,499</u></b>

**Certain Local Revenue Sources**

**Local Taxation Revenue**

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes	-
Other than School Taxes	-
Sales and Use Taxes	-
<b>Total Local Taxation Revenue</b>	<b><u>\$ -</u></b>

**Local Earnings on Investment in Real Property**

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

**State Revenue in Lieu of Taxes**

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
<b>Total State Revenue in Lieu of Taxes</b>	<b><u>\$ -</u></b>

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

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

THE MAXINE GIARDINA CHARTER SCHOOL, INC.  
 Education Levels of Public School Staff  
 As of October 1, 2016

Schedule 2

Category	Full Time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	7	78%	2	100%				
Master's Degree	2	22%						
Master's Degree +30					1	100%		
Specialist in Education								
Ph. D. or Ed. D.								
<b>Total</b>	<b>9</b>	<b>100%</b>	<b>2</b>	<b>100%</b>	<b>1</b>	<b>100%</b>		

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

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Number and Type of Public Schools**  
**For the Year Ended June 30, 2017**

**Schedule 3**

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

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

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Experience of Public Principals, Assistant Principals,**  
**and Full Time Classroom Teachers**  
**As of October 1, 2016**

**Schedule 4**

	<b>0 - 1 Yr.</b>	<b>2 - 3 Yrs.</b>	<b>4 - 10 Yrs.</b>	<b>11 - 14 Yrs.</b>	<b>15 - 19 Yrs.</b>	<b>20 - 24 Yrs.</b>	<b>25+ Yrs.</b>	<b>Total</b>
Assistant Principals								
Principals					1			<b>1</b>
Classroom Teachers	1	3	4	1	1	1	0	<b>11</b>
<b>Total</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>12</b>

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

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Public School Staff Data**  
**For the Year Ended June 30, 2017**

**Schedule 5**

	<b>All Classroom Teachers</b>	<b>Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions</b>
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	\$41,176	\$41,176
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	\$41,088	\$41,088
<b>Number of Teacher Full Time Equivalents (FTEs) Used in Computation of Average Salaries</b>	10.81	10.81

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

THE MAXINE GIARDINA CHARTER SCHOOL, INC.  
 Class Size Characteristics  
 As of October 1, 2016

Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	100%	58						
Elementary Activity Classes	100%	12						

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

THE MAXINE GIARDINA CHARTER SCHOOL, INC.  
Louisiana Educational Assessment Program (LEAP) -  
ELA and Math  
For the Year Ended June 30, 2017

Schedule 7

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 3</b>						
Advanced	0%	0%	N/A	0%	0%	N/A
Mastery	8%	21%	N/A	8%	11%	N/A
Basic	42%	26%	N/A	8%	21%	N/A
Approaching Basic	33%	48%	N/A	42%	26%	N/A
Unsatisfactory	17%	5%	N/A	42%	42%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 4</b>						
Advanced	4%	0%	N/A	0%	0%	N/A
Mastery	48%	6%	N/A	9%	0%	N/A
Basic	17%	35%	N/A	9%	18%	N/A
Approaching Basic	22%	47%	N/A	48%	70%	N/A
Unsatisfactory	9%	12%	N/A	34%	12%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 5</b>						
Advanced	0%	0%	N/A	0%	0%	N/A
Mastery	10%	19%	N/A	5%	6%	N/A
Basic	37%	37%	N/A	42%	13%	N/A
Approaching Basic	24%	19%	N/A	43%	50%	N/A
Unsatisfactory	29%	25%	N/A	10%	31%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

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

THE MAXINE GIARDINA CHARTER SCHOOL, INC.  
Louisiana Educational Assessment Program (LEAP) -  
ELA and Math  
For the Year Ended June 30, 2017

Schedule 7 (Continued)

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 6</b>						
Advanced	0%	0%	N/A	0%	0%	N/A
Mastery	17%	13%	N/A	17%	6%	N/A
Basic	50%	49%	N/A	27%	25%	N/A
Approaching Basic	22%	38%	N/A	50%	69%	N/A
Unsatisfactory	11%	0%	N/A	6%	0%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 7</b>						
Advanced	0%	0%	N/A	0%	0%	N/A
Mastery	11%	37%	N/A	11%	13%	N/A
Basic	22%	13%	N/A	6%	38%	N/A
Approaching Basic	33%	31%	N/A	55%	49%	N/A
Unsatisfactory	34%	19%	N/A	28%	0%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 8</b>						
Advanced	0%	0%	N/A	0%	0%	N/A
Mastery	31%	8%	N/A	24%	8%	N/A
Basic	46%	46%	N/A	38%	31%	N/A
Approaching Basic	15%	46%	N/A	38%	38%	N/A
Unsatisfactory	8%	0%	N/A	0%	23%	N/A
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>

The LEAP was not administered for ELA and Math for the 2014-2015 school year.

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

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

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Louisiana Educational Assessment Program (LEAP) -**  
**Science and Social Studies**  
**For the Year Ended June 30, 2017**

**Schedule 9**

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 3</b>						
Advanced	0%	0%	0%	0%	N/A	0%
Mastery	0%	16%	0%	0%	N/A	0%
Basic	42%	52%	50%	25%	N/A	33%
Approaching Basic	50%	21%	42%	33%	N/A	25%
Unsatisfactory	8%	11%	8%	42%	N/A	42%
<b>Total</b>	<b>100%</b>	100%	100%	<b>100%</b>	0%	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 4</b>						
Advanced	4%	0%	0%	22%	N/A	0%
Mastery	0%	6%	5%	17%	N/A	0%
Basic	61%	35%	53%	14%	N/A	64%
Approaching Basic	26%	59%	26%	17%	N/A	16%
Unsatisfactory	9%	0%	16%	30%	N/A	20%
<b>Total</b>	<b>100%</b>	100%	100%	<b>100%</b>	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 5</b>						
Advanced	0%	0%	0%	0%	N/A	0%
Mastery	0%	13%	15%	0%	N/A	0%
Basic	43%	31%	15%	5%	N/A	38%
Approaching Basic	33%	37%	39%	29%	N/A	47%
Unsatisfactory	24%	19%	31%	66%	N/A	15%
<b>Total</b>	<b>100%</b>	100%	100%	<b>100%</b>	N/A	100%

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

THE MAXINE GIARDINA CHARTER SCHOOL, INC.  
Louisiana Educational Assessment Program (LEAP) -  
Science and Social Studies  
For the Year Ended June 30, 2017

Schedule 9 (Continued)

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 6</b>						
Advanced	0%	0%	0%	0%	N/A	0%
Mastery	22%	13%	13%	6%	N/A	13%
Basic	28%	25%	60%	39%	N/A	67%
Approaching Basic	33%	43%	20%	33%	N/A	13%
Unsatisfactory	17%	19%	7%	22%	N/A	7%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 7</b>						
Advanced	0%	0%	6%	6%	N/A	0%
Mastery	6%	25%	0%	6%	N/A	6%
Basic	28%	50%	44%	22%	N/A	75%
Approaching Basic	33%	6%	25%	11%	N/A	19%
Unsatisfactory	33%	19%	25%	55%	N/A	0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	%	%	%	%	%	%
<b>Grade 8</b>						
Advanced	0%	0%	0%	8%	N/A	0%
Mastery	0%	0%	6%	15%	N/A	6%
Basic	61%	54%	50%	24%	N/A	68%
Approaching Basic	31%	38%	31%	38%	N/A	13%
Unsatisfactory	8%	8%	13%	15%	N/A	13%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

LEAP was not administered for Social Studies for the 2015-2016 school year.

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

## **SUPPLEMENTARY INFORMATION**

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Schedule of Governing Board**  
**For the Year Ended June 30, 2017**

<b>Board Member</b>	<b>Compensation</b>	<b>Board Member</b>	<b>Compensation</b>
Jake Giardina 918 East First Street Thibodaux, LA 70301 <i>Board Chair</i>	\$ - 0 -	Andrea Bollinger-Giardina 918 East First Street Thibodaux, LA 70301 <i>Board Member</i>	\$ - 0 -
Karen Chauvin 214 Central Avenue Houma, LA 70364 <i>President</i>	\$ - 0 -	Dr. Albert Davis 111 East Killarney Place Thibodaux, LA 70310 <i>Board Member</i>	\$ - 0 -
Carol Broussard 137 Alamo Drive Houma, LA 70360 <i>Vice-President</i>	\$ - 0 -	Dr. Cleveland O. Hill 2130 Highway 3185 Thibodaux, LA 70301 <i>Board Member</i>	\$ - 0 -
Brian Aucoin 1306 Park Drive Thibodaux, LA 70301 <i>Treasurer</i>	\$ - 0 -	Alex Arceneaux 12483 Plantation Creek Drive Geiser, LA 70734 <i>Board Member</i>	\$ - 0 -
Dr. Angelle Hebert 500 Cedar Tree Drive Thibodaux, LA 70310 <i>Secretary</i>	\$ - 0 -	JJ Buquet 1243 Bayou Black Drive Houma, LA 70360 <i>Board Member</i>	\$ - 0 -

See independent auditor's report.

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Schedule of Compensation, Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended June 30, 2017**

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**Agency Head**  
 Rebecca Walker, Principal

<b>Purpose</b>	<b>Amount</b>
Salary	\$68,000
Benefits - Insurance	\$10,358
Benefits - Retirement	\$17,340
Benefits - Parking Permit, NSU	\$50
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$664
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Consolidating Statement of Financial Position**  
**For the Year Ended June 30, 2017**

	<b>The Maxine Giardina Charter School, Inc.</b>	<b>Max Charter School Foundation, Inc.</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 682,274	\$ 19,577	\$ -	\$ 701,851
Grants Receivable	7,946	-	-	7,946
Other Current Assets	8,735	-	-	8,735
<b>Total Current Assets</b>	<b>698,955</b>	<b>19,577</b>	<b>-</b>	<b>718,532</b>
<b>Fixed Assets</b>				
Building	635,945	-	-	635,945
Machinery and Equipment	227,197	-	-	227,197
Improvements	126,125	-	-	126,125
Accumulated Depreciation	(660,424)	-	-	(660,424)
<b>Total Fixed Assets, Net</b>	<b>328,843</b>	<b>-</b>	<b>-</b>	<b>328,843</b>
<b>Total Assets</b>	<b>\$ 1,027,798</b>	<b>\$ 19,577</b>	<b>\$ -</b>	<b>\$ 1,047,375</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts Payable	\$ 22,210	\$ -	\$ -	\$ 22,210
Accrued Liabilities	105,146	-	-	105,146
<b>Total Current Liabilities</b>	<b>127,356</b>	<b>-</b>	<b>-</b>	<b>127,356</b>
<b>Net Assets</b>				
Unrestricted	900,442	19,577	-	920,019
<b>Total Net Assets</b>	<b>900,442</b>	<b>19,577</b>	<b>-</b>	<b>920,019</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,027,798</b>	<b>19,577</b>	<b>\$ -</b>	<b>\$ 1,047,375</b>

See independent auditor's report.

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Consolidating Statement of Activities**  
**For the Year Ended June 30, 2017**

	The Maxine Giardina Charter School, Inc.			The Max Charter School Foundation, Inc.			Eliminations	Consolidated		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		Unrestricted	Temporarily Restricted	Total
<b>Revenue, Grants, and Other Support</b>										
State Public School Funding	\$ 1,210,370	\$ -	\$ 1,210,370	\$ -	\$ -	\$ -	\$ -	\$ 1,210,370	\$ -	\$ 1,210,370
Other Income and Gains, Net	73,305	-	73,305	-	-	-	-	73,305	-	73,305
Donations	60,065	-	60,065	20,000	-	20,000	-	80,065	-	80,065
Federal Grant Revenue	55,764	-	55,764	-	-	-	-	55,764	-	55,764
Other Grant Revenue	14,859	-	14,859	-	-	-	-	14,859	-	14,859
<b>Total Revenue, Grants, and Other Support</b>	<b>1,414,363</b>	<b>-</b>	<b>1,414,363</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	<b>1,434,363</b>	<b>-</b>	<b>1,434,363</b>
<b>Expenses</b>										
<b>Program Services</b>										
Regular Education Programs	799,268	-	799,268	-	-	-	-	799,268	-	799,268
School Administration	352,078	-	352,078	-	-	-	-	352,078	-	352,078
Special Education Programs	131,110	-	131,110	-	-	-	-	131,110	-	131,110
Depreciation	70,112	-	70,112	-	-	-	-	70,112	-	70,112
Operation and Maintenance of Plant Services	64,634	-	64,634	-	-	-	-	64,634	-	64,634
Other Instructional Programs	46,805	-	46,805	-	-	-	-	46,805	-	46,805
Pupil Support Services	13,164	-	13,164	-	-	-	-	13,164	-	13,164
Instructional Staff Services	6,090	-	6,090	-	-	-	-	6,090	-	6,090
<b>Management and General</b>										
General Administration	41,657	-	41,657	423	-	423	-	42,080	-	42,080
Business Services	750	-	750	-	-	-	-	750	-	750
<b>Total Expenses</b>	<b>1,525,668</b>	<b>-</b>	<b>1,525,668</b>	<b>423</b>	<b>-</b>	<b>423</b>	<b>-</b>	<b>1,526,091</b>	<b>-</b>	<b>1,526,091</b>
<b>Change in Net Assets</b>	<b>(111,305)</b>	<b>-</b>	<b>(111,305)</b>	<b>19,577</b>	<b>-</b>	<b>19,577</b>	<b>-</b>	<b>(91,728)</b>	<b>-</b>	<b>(91,728)</b>
<b>Net Assets, Beginning of Year</b>	<b>1,011,747</b>	<b>-</b>	<b>1,011,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,011,747</b>	<b>-</b>	<b>1,011,747</b>
<b>Net Assets, End of Year</b>	<b>\$ 900,442</b>	<b>\$ -</b>	<b>\$ 900,442</b>	<b>\$ 19,577</b>	<b>\$ -</b>	<b>\$ 19,577</b>	<b>\$ -</b>	<b>\$ 920,019</b>	<b>\$ -</b>	<b>\$ 920,019</b>

See independent auditor's report.

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

Independent Auditor's Report

To the Board of Directors  
The Maxine Giardina Charter School, Inc.  
Thibodaux, Louisiana

We have audited, 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, the consolidated financial statements of The Maxine Giardina Charter School, Inc. (the School), which comprise the consolidated statement of financial position as of June 30, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 20, 2017.

**Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

A Professional Accounting Corporation

Covington, LA  
December 20, 2017

**THE MAXINE GIARDINA CHARTER SCHOOL, INC.**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2017**

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

Consolidated Financial Statements

- |  |            |
|--|------------|
| 1) Type of auditor's report  | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters: |            |
| a) Material weaknesses identified?   | No         |
| b) Significant deficiencies identified?  | No         |
| c) Noncompliance material to the financial statements noted?                   | No         |

Federal Awards

Not applicable.

**Part II. Findings Related to the Consolidated Financial Statements**

None.

**Part III. Federal Award Findings**

Not applicable.

**Part IV. Prior Year Findings**

None.

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

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

To The Maxine Giardina Charter School and  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the management of the Maxine Giardina Charter School (Max) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal year July 1, 2016 through June 30, 2017. Max's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

***Written Policies and Procedures***

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts***, including receiving, recording, and preparing deposits.
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

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

Results: Max's policies and procedures did not address the documentation required to be maintained for all bid and price quotes for purchasing. They also did not address reviewing and approving time and attendance records relating to payroll/personnel. Only approval of leave was mentioned. Max's travel policy did not mention dollar thresholds by category of expense. Max did not have policies relating to budgeting, contracts, or credit cards. All other functions were addressed in Max's policies. Functions that were determined to not be applicable were items i) Ethics and j) Debt Service.

Management's Response: Max will amend its policies to include the items listed above.

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

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

Results: During the fiscal year, Max's board met twelve times with a quorum. The board minutes did not reference budget to actual comparisons. Other non-budgetary items were discussed in the board minutes. Max did not have a deficit during the year ended June 30, 2017.

Management's Response: The board minutes will begin making reference to budget to actual comparisons.

### ***Bank Reconciliations***

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

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

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

Results: For the accounts selected, all monthly bank reconciliations were prepared timely. Bank statements did not include evidence that a member of management or a board member with no involvement in the transactions associated with the bank account had reviewed each reconciliation. There was \$8,587 worth of reconciling items that have been outstanding for over six months on the bank reconciliations. These items had not been investigated prior to our procedures.

Management's Response: Max will amend its bank reconciliation procedures to include a review of the bank reconciliation by a board member. Max will investigate the old outstanding items on its bank reconciliations and submit them to the Louisiana Treasurer's unclaimed property division.

### ***Collections***

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

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

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three-year rotating basis (if more than five locations).

If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
- b) Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
  - Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Results: We noted one cash collection location, the primary location. We noted that the employee responsible for collecting cash is insured through a commercial crime policy. We noted that the person responsible for collecting cash also brings the deposit to the bank. We noted that the person responsible for collecting cash does record the transaction in some instances. The person responsible for collecting cash does not reconcile the bank account. We noted that Max does not have any formal cash registers or drawers.

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

We noted that the cash collection documentation did not indicate the date of collection and as a result, we were unable to complete step c.

Management's Response: Although the person who collects cash also deposits the cash, the money is totaled and receipted by the individual teachers before the collection person obtains the money.

Max will begin documenting the date of collection on its cash collection documentation.

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

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

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

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

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

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

Results: For five of the twenty-five disbursements sampled, initiation was performed by using a purchase order or a purchase requisition form, which was provided with the supporting documentation.

Support could not be obtained at all for one of the twenty-five disbursements sampled.

The remaining nineteen of the twenty-five disbursements sampled were missing a purchase order or purchase requisition form and; therefore, it was not documented who initiated or approved those transactions.

Management's Response: Max does not complete a purchase order or purchase requisition form for reoccurring monthly expenses. These expenses are approved by the Board Treasurer by his signature of the check.

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

Results: We noted that the person who processes payments is not responsible for adding vendors to the system. However, this person's user access to the system does not prohibit this person from adding vendors to the system.

Management's Response: Max will restrict the person who processes payments from adding vendors within the system going forward.

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

Results: We noted the persons with signatory authority do not initiate or record purchases.

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

Results: We noted that blank check stock is maintained in the locked office of one of the persons with signatory authority.

Management's Response: Max will consider the cost/benefit of further segregation of duties.

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

Results: Max does not use a signature stamp or machine. We noted that signed checks are mailed immediately after they are signed.

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

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

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

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

Results: We noted was that the monthly statement tested lacked supporting documentation that they were reviewed and approved in writing by someone other than the authorized card holder.

We noted no late payments or finance fees on the sample tested.

Management's Response: Max will ensure all credit card statements include written evidence that is was reviewed and approved by someone other than the authorized card holder.

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

- a) For each transaction, report whether the transaction is supported by:
  - An original itemized receipt (i.e., identifies precisely what was purchased).
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization).
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

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

Results: We noted that two of twenty-three transactions selected were missing an original itemized receipt. Four of twenty-three transactions selected did not have a purchase requisition form which is required by Max's policy. All transactions selected had documentation of the business/public purpose.

For the year ended June 30, 2017, we noted no construction projects over \$152,550 which is the only bid law provision applicable to charter schools.

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

Management's Response: Max will ensure going forward that all credit card purchases have both an itemized receipt and a purchase requisition form.

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

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

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

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

Results: We obtained Max's policies and procedures for travel expenses. The policy did not address per diem and mileage rates.

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

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

b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose. (Note: For meal charges, there should also be documentation of the individuals participating.)
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

We noted that one transaction included 12 receipts, one of which was not itemized. We noted the same transaction had 2 meal receipts that did not list who attended. This transaction also was not authorized by the Principal, as required by policy. We noted another transaction included 6 meal receipts, one of which was missing who attended. The last transaction selected was supported by an original itemized receipt and documentation of a business/public purpose.

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

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

Management's Response: Max will ensure all travel reimbursements include itemized receipts and approval by the Principal. Max will also ensure all meals reimbursed include a list of who attended.

## ***Contracts***

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

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

- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
  - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
  - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
    - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.
- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g., Lawrason Act or Home Rule Charter).

Results: We noted a formal/written contract was missing for two contracts selected.

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

We noted that contracts selected included no amendments.

We noted that the largest payment from each contract agreed to the supporting invoice and contract terms, except for the two that were missing a formal contract.

We noted the contracts we selected did not require board approval.

Management's Response: Max will ensure it has a formal written contract for all contracted service arrangements.

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

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

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

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

We noted that all changes to pay rates/salaries during the fiscal period were approved in writing and in accordance with policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
  - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
  - c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

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

We noted there was not written documentation that supervisors approved, in writing, the daily attendance of the selected employees.

We noted that there was written documentation that supervisors approved, in writing, the leave for all of the selected employees except for five. One of the five was missing approval for four days of leave. The other four were missing approval for one day of leave.

We noted that there is written documentation that Max maintained written leave records on those selected employees that earn leave.

Management's Response: Max will begin having someone sign off as review of the attendance sheets taken each day. Max will also ensure there is documented approval of all days of leave taken.

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

Results: We obtained management's representation that the listing provided is complete. There were no termination payments made during the year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### ***Other***

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

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

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

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

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

Results: No exceptions were noted in obtained management representation.

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

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



A Professional Accounting Corporation

Covington, LA  
December 26, 2017