

REDESIGN SCHOOLS LOUISIANA
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Redesign Schools Louisiana
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **Redesign Schools Louisiana (RSL)** which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses 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 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 of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Redesign Schools Louisiana
Baton Rouge, Louisiana

Auditors' Responsibility, Continued

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of **RSL's** financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to **RSL'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 **RSL'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 previously referred to present fairly, in all material respects, the financial position of **RSL** as of June 30, 2019, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Redesign Schools Louisiana
Baton Rouge, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019 on our consideration of **RSL'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 **RSL's** internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 30, 2019

REDESIGN SCHOOLS LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

CURRENT ASSETS:

Cash (NOTE 2)	\$ 786,947
Cash - restricted (NOTE 3)	750
Grants receivable (NOTE 4)	2,244,503
Other receivables (NOTE 5)	352,167
Prepaid items (NOTE 12)	<u>126,469</u>

Total current assets 3,510,836

NON-CURRENT ASSETS:

Non-current assets -0-

Total non-current assets -0-

Total assets \$3,510,836

CURRENT LIABILITIES:

Accounts payable vendors	\$1,271,327
Accrued salaries payable	120,427
Student activity funds (NOTE 3)	<u>750</u>

Total current liabilities 1,392,504

NON-CURRENT LIABILITIES:

Non-current liabilities -0-

Total non-current liabilities -0-

Total liabilities 1,392,504

NET ASSETS:

With donor restrictions (NOTE 7)	113,987
Without donor restrictions	<u>2,004,345</u>

Total net assets 2,118,332

Total liabilities and net assets \$3,510,836

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

REDESIGN SCHOOLS LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES:			
Local Sources:			
Minimum Foundation Program	\$ <u>-0-</u>	\$ <u>4,493,205</u>	\$ <u>4,493,205</u>
Total local sources	<u>-0-</u>	<u>4,493,205</u>	<u>4,493,205</u>
State Sources:			
Minimum Foundation Program	-0-	2,626,522	2,626,522
Grants	200,000	301,000	501,000
Net assets released from donor restrictions	<u>(86,013)</u>	<u>86,013</u>	<u>-0-</u>
Total state sources	<u>113,987</u>	<u>3,013,535</u>	<u>3,127,522</u>
Federal grants	<u>-0-</u>	<u>3,444,806</u>	<u>3,444,806</u>
Total operating activities	<u>113,987</u>	<u>10,951,546</u>	<u>11,065,533</u>
OPERATING EXPENSES:			
Program services	-0-	7,771,479	7,771,479
Supporting services	<u>-0-</u>	<u>4,489,906</u>	<u>4,489,906</u>
Total operating expenses	<u>-0-</u>	<u>12,261,385</u>	<u>12,261,385</u>
Change in net assets from operating activities	<u>113,987</u>	<u>(1,309,839)</u>	<u>(1,195,852)</u>
NON-OPERATING ACTIVITIES:			
Other income	<u>-0-</u>	<u>2,419</u>	<u>2,419</u>
Total non-operating activities	<u>-0-</u>	<u>2,419</u>	<u>2,419</u>
Change in net assets from non-operating activities	<u>-0-</u>	<u>2,419</u>	<u>2,419</u>
Change in net assets from operating and non-operating activities	<u>113,987</u>	<u>(1,307,420)</u>	<u>(1,193,433)</u>
Net assets, as previously reported	-0-	3,294,311	3,294,311
Prior period adjustment (NOTE 18)	<u>-0-</u>	<u>17,454</u>	<u>17,454</u>
Net assets, as restated June 30, 2018	<u>-0-</u>	<u>3,311,765</u>	<u>3,311,765</u>
Net assets, June 30, 2019	<u>\$113,987</u>	<u>\$ 2,004,345</u>	<u>\$ 2,118,332</u>

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

REDESIGN SCHOOLS LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>WITH DONOR RESTRICTIONS</u>		<u>WITHOUT DONOR RESTRICTIONS</u>		
	<u>PROGRAM</u>	<u>SUPPORTING</u>	<u>PROGRAM</u>	<u>SUPPORTING</u>	
	<u>SERVICES</u>	<u>SERVICES</u>	<u>SERVICES</u>	<u>SERVICES</u>	<u>TOTAL</u>
EXPENSES					
Salaries	\$-0-	\$-0-	\$2,630,558	\$1,625,937	\$ 4,256,495
Employee benefits	-0-	-0-	735,252	384,737	1,119,989
Payroll taxes	-0-	-0-	202,081	105,350	307,431
Communications	-0-	-0-	110,504	-0-	110,504
Professional services	-0-	-0-	273,549	421,170	694,719
Management fees	-0-	-0-	-0-	740,324	740,324
Food services management	-0-	-0-	544,309	-0-	544,309
Repairs and maintenance	-0-	-0-	297,844	-0-	297,844
Utilities	-0-	-0-	185,249	-0-	185,249
Cleaning services	-0-	-0-	386,180	-0-	386,180
Student transportation	-0-	-0-	1,075,076	-0-	1,075,076
Material and supplies	-0-	-0-	510,880	22,413	533,293
Technology related supplies	-0-	-0-	440,332	-0-	440,332
Insurance	-0-	-0-	-0-	188,744	188,744
Curriculum	-0-	-0-	185,414	-0-	185,414
Educational services	-0-	-0-	121,368	574,738	696,106
Equipment rental	-0-	-0-	72,883	-0-	72,883
Dues and fees	-0-	-0-	-0-	147,358	147,358
Professional development	-0-	-0-	-0-	254,430	254,430
Travel expense	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>24,705</u>	<u>24,705</u>
Total expenses	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$7,771,479</u>	<u>\$4,489,906</u>	<u>\$12,261,385</u>

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

REDESIGN SCHOOLS LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS USED IN OPERATING ACTIVITIES

Change in net assets	\$(1,193,433)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Change in assets and liabilities:	
Increase in other receivables	(184,254)
Increase in grants receivable	(1,015,318)
Decrease in prepaid items	242,504
Increase in accounts payable vendors	700,960
Increase in accrued salaries payable	120,427
Decrease in student activity fund	<u>(250)</u>
Net cash used in operating activities	<u>(1,329,364)</u>
Net decrease in cash	(1,329,364)
Cash - July 1, 2018	<u>2,117,061</u>
Cash - June 30, 2019	<u>\$ 787,697</u>

NOTE: Recap of Cash:

Cash - restricted	\$	750
Cash		<u>786,947</u>
Total		<u>\$787,697</u>

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

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - BACKGROUND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Background

Redesign Schools Louisiana previously is a non-profit public benefit corporation organized under the laws of the State of Louisiana under the name of Celerity Schools Louisiana. During the year ended June 30, 2019, **RSL** changed its name to **Redesign Schools Louisiana (RSL)**. **RSL** commenced operations during the 2014-2015 fiscal year. **RSL** currently operates a Network Office and four charter schools. The term and sponsoring agency for each of the charter schools is as follows:

<u>Charter Name</u>	<u>Term of Charter</u>	<u>Sponsoring Agency</u>
Crestworth Middle School	5 years	Louisiana Department of Education
Lanier Elementary School	5 years	Louisiana Department of Education
Dalton Elementary School	5 years	Louisiana Department of Education
Glen Oaks Middle School	4 years	Louisiana Department of Education

The mission of **RSL** is to provide schools where at-risk students will thrive in an atmosphere of high expectations and engaging curriculum with challenging learning activities.

Principles of Accounting

The financial statements of **RSL** are prepared in accordance with accounting principles generally accepted in the United States of America and on the accrual basis.

Use of Estimates

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

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Funding

RSL receives its primary funding from the State of Louisiana's Minimum Foundation Program, pass-through awards, as well as other direct funding from the Federal Emergency Management Agency.

Property and Equipment

RSL follows the practice of capitalizing at cost, all property and equipment acquisitions with a unit cost of \$5,000 and over. Depreciation is computed under the straight-line method for all depreciable assets over their respective estimated useful lives. **RSL** depreciates property and equipment over a five (5) to ten (10) year period.

Donations of property and equipment are recorded as contributions at their fair value at date of donation. Such donations are reported as without donor restriction contribution unless restricted by donor.

Amortization is recorded at rates designed to amortize cost over estimated useful lives.

Property and equipment acquired under grants vest subject to use, management and disposition requirements.

Capital leases and related liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset.

Use of Restricted Resources

It is the practice of **RSL** to use restricted resources based on donor restrictions and consistent with its mission. See page 12 for additional discussion with regards to presentation of donor and/or without donor restrictions.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and supporting services in the accompanying statement of functional expenses.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Occupancy	Square footage
Professional fees	Full time equivalent
Depreciation	Square footage
Other	Time and effort

Statement of Cash Flows

For purposes of the statement of cash flows, **RSL** considers all investments with original maturities of three months or less to be cash equivalents. At June 30, 2019, **RSL** had no cash equivalents.

Financial Statement Presentation

Under Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) Section 958-605, *Not-For-Profit Entities, Revenue Recognition*, **RSL** must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Presentation of Financial Statements

RSL's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit Guide for Not-for-Profit Organizations" (the Guide) update No. 2016-14. ASC 958-205 was effective January 1, 2018. Under provisions of the Guide net assets of **RSL** are classified to present the following based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of **RSL** are classified as follows:

- Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of **RSL's**. **RSL's** board may designate assets without restrictions for specific operational purposes from time to time. Some donor restrictions are temporary in nature; those restrictions will be met by actions of **RSL** or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to **RSL's** ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs, and other activities considered to be a more unusual or nonrecurring nature.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Fair Value of Financial Instruments

The estimated fair value of all significant financial statement amounts have been determined by **RSL** using available market information and appropriate valuation methodologies.

RSL considers the carrying amounts of cash, other and grants receivables, prepaid items, and amounts and other payables to be at fair market.

Budgetary Data

RSL formally adopts a budget. The budgetary data are submitted to the State of Louisiana for approval.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfers. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram activities are netted at the combined financial statements level.

Total Memorandum Only

The total column on the accompanying combining financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

New Accounting Pronouncements

The Financial Accounting Standards Board (FASB) issued Accounting Standards update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations. The primary objective of this update is to make certain improvements to the current reporting practices of not-for-profit entities. The amendments in this update are effective for annual financial standards issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018.

RSL implemented the new pronouncement in the accompanying financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Standards Update - 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease terms, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than twelve (12) months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The implementation effective date has been delayed until January 1, 2021. **RSL** has not assessed the potential impact of this guidance on its financial statements.

NOTE 2 - CASH:

RSL maintains its bank accounts in one operating account with interfund transactions to account for the cash receipts and disbursements by fund. As of June 30, 2019 the collected bank balance was \$854,789 and a book balance of \$786,947. The use of interfund accounts must be taken into account when reviewing book balance of cash accounts in determining the cash position of each fund.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - CASH, CONTINUED:

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). **RSL** maintains its cash in bank deposit accounts that at times may exceed federally insured limits. **RSL** does not have a deposit policy and has not experienced any losses in such accounts. At June 30, 2019, **RSL** has a total collected bank balance of \$605,539 in excess of the FDIC insured limit. See other matters report reference number OM 2019-001 and NOTE 10 for additional discussions.

NOTE 3 - CASH - RESTRICTED:

At June 30, 2019, restricted cash of \$750 consisted of funds held for student related activity.

NOTE 4 - GRANTS RECEIVABLE:

At June 30, 2019, grants receivable consisted of costs incurred in excess of funds reimbursed for pass-through programs funded by the Departments of Education and Agriculture. A detail by funding source follows:

	<u>Crestworth Middle School</u>	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Total</u>
U.S. Department of Education	\$278,758	\$ 638,255	\$625,345	\$45,542	\$1,587,900
U.S. Department of Agriculture	35,877	90,464	67,906	-0-	194,247
Federal Emergency Management Agency	<u>-0-</u>	<u>462,356</u>	<u>-0-</u>	<u>-0-</u>	<u>462,356</u>
Total grants receivable	<u>\$314,635</u>	<u>\$1,191,075</u>	<u>\$693,251</u>	<u>\$45,542</u>	<u>\$2,244,503</u>

NOTE 5 - OTHER RECEIVABLES:

At June 30, 2019 other receivables represent \$352,167 due from a third party administrator for donations to cover school related expenses.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - INCOME TAXES:

RSL is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 7 - CONTINGENCIES AND COMMITMENTS:

RSL is a recipient of funding from the State of Louisiana's Minimum Foundation Program to include other grants received through the State of Louisiana. The funding is governed by various guidelines, regulations and contractual agreements. The administration of the program and activities funded is under the control and administration of **RSL** and is subject to audit and/or review by the applicable funding source. Any funds found to be not properly spent in accordance with the terms, conditions and regulations of the funding sources may be subject to recapture.

On April 3, 2019, **RSL** executed a grant agreement with New Schools for Baton Rouge in the amount of \$500,000 for the creation, establishment, and operation of Glen Oaks Middle School.

Based on milestone due dates, the agreement establishes at June 30, 2019, three (3) remaining payments of \$100,000 per year through July 15, 2021.

NOTE 8 - RISK MANAGEMENT:

RSL is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets for which **RSL** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 9 - CONCENTRATION OF REVENUE SOURCE:

RSL receives primarily all of its support from the State of Louisiana. If the amount of revenue received should fall below award budgeted levels, **RSL's** operating results could be adversely affected.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - CONCENTRATION OF CREDIT RISK:

Financial instruments which potentially subject **RSL** to concentrations of credit risk consist principally of cash. See NOTE 2 for additional discussion.

NOTE 11 - PER DIEM TO BOARD OF DIRECTORS:

During the year ended June 30, 2019, no board member received per diem in his or her capacity as director.

NOTE 12 - PREPAID ITEMS:

At June 30, 2019, prepaid items consisted of the following:

Security deposit	\$ 22,999
Prepaid insurance	<u>103,470</u>
	<u>\$126,469</u>

NOTE 13 - RETIREMENT:

Effective January 1, 2015, **RSL** established an employee 403(b) plan (the Plan). Generally, the Plan is available to employees upon being hired. Full-time certified employees (teachers, principal and curriculum specialists), once enrolled, are eligible to receive 5% of their compensation in the Plan. Currently, unclassified employees of **RSL** are not eligible to receive benefits from the Plan. For the year ended June 30, 2019, employer contribution expense was \$67,402.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - SUBSEQUENT EVENTS:

RSL is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition and/or disclosure in the accompanying financial statements. RSL performed such an evaluation through December 30, 2019, the date on which the accompanying financial statements were available to be issued, and noted no subsequent events or transactions that occurred requiring recognition and/or disclosure.

NOTE 15 - RELATED PARTY:

At June 30, 2019, RSL has an executed management agreement with ReFONTE (A Louisiana nonprofit corporation charter management organization) effective July 1, 2014. Said agreement includes responsibility and accountability to RSL for the management of RSL. For the year ended June 30, 2019, total fees paid for the referenced services were \$740,324.

NOTE 16 - LEASES:

RSL maintains operating leases for equipment. The operating leases for equipment automatically renew annually, unless RSL opts-out of continuation. Operating lease expense for the year ended June 30, 2019 totaled \$72,883.

NOTE 17 - LIQUIDITY:

RSL's financial assets available within one year of the statement of financial position date for general expenses are as follows:

Cash	\$ 786,947
Grants receivable	2,544,003
Accounts receivable	<u>52,667</u>
	<u>\$3,383,617</u>

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 17 - LIQUIDITY, CONTINUED:

RSL's financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the financial position.

As part of RSL's liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, RSL invests cash in excess of projected requirements in investments.

NOTE 18 - PRIOR PERIOD ADJUSTMENT:

At June 30, 2019, prior period adjustment represents a correction which resulted in an overstatement of expenses for prepaid cost for the year ended June 30, 2018.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Redesign Schools Louisiana
Baton Rouge, Louisiana

Other Matters

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of **Redesign Schools Louisiana (RSL)** as of and for the year ended June 30, 2019, and have issued our report dated December 30, 2019 which contained an unmodified opinion on the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for the purposes of additional analysis as required by *the Uniform Guidance* and is not a required part of the financial statements. The information in Schedule I is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule I is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)**

Other Matters, Continued

Other Supplementary Information

The other supplementary information, Schedule II (Exhibits I, II and III) on pages 24 through 29 which is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statement has been subjected to auditing procedures applied in the audit 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying other supplementary information (Schedule II and Exhibits I, II and III) is fairly stated, in all material respects, in relation to the financial statements as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 30, 2019

**REDESIGN SCHOOLS LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Program Funded by the U.S. Department of Agriculture</u>		
<i><u>Awards From a Pass-Through Entity</u></i>		
<u>Pass-Through: LA State Department of Education</u> National School Lunch Program	10.555	\$ <u>633,497</u>
Total Pass-Through U.S. Department of Agriculture		<u>633,497</u>
<u>Programs Funded by the U.S. Department of Education</u>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Pass-Through: LA State Department of Education</u>		
Title I, Part A - Grants to Local Education Agencies	84.010	557,783
Title II, Part A - Teacher and Principal Training and Recruiting Fund	84.367	83,054
Title IVA- Student Support and Enrichment Grant	84.424	43,373
Individuals with Disabilities Education Act (IDEA) Part B	84.027	199,492
Turnaround School Leader Program (TSLP)	84.377B	582,111
Education Excellence Funds	xx.xxx	33,788
School Redesign Grant	84.010A	205,167
PreK Expansion Grant	84.419B	154,725
(Striving Readers Comprehensive Literacy Consolidated (SRCC))	84.371C	197,467
Charter School Program	84.282A	45,542
Direct Student Services	84.010A	<u>18,531</u>
Page total Pass-Through U. S. Department of Education		<u>2,121,033</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Programs Funded by the U.S. Department of Education
Awards from a Pass Through Entity, Continued

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Pass-Through: New Schools Baton Rouge</u>		
Louisiana Believe and Succeeding Reach to the Top	84.413A	\$ <u>86,013</u>
Total Pass-Through New Schools Baton Rouge		<u>86,013</u>
Total Pass-Through U. S. Department of Education		<u>2,207,046</u>

Federal Emergency Management Agency

Direct Funding

Alternative Procedures Pilot Program	97.036	<u>690,276</u>
Total Direct Funding Federal Emergency Management Agency		<u>690,276</u>
Total Expenditures of Federal Awards		<u>\$3,530,819</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards included in the federal grant activity of **Redesign Schools Louisiana** is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*). **Redesign Schools Louisiana** has elected to use the 10-percent de minimus indirect cost rate allowed under *Uniform Guidance*.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II

**REDESIGN SCHOOLS LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
FOR YEAR ENDED JUNE 30, 2019**

Agency Head: Angela Beck

Salary	\$146,000
Benefits - health	4,798
Benefits - Tuition	13,662
Benefits - Social security	8,157
Benefits - Medicare	2,297
Benefits - Unemployment	146
Car allowance	6,000
Stipend	8,000
Reimbursements	<u>121</u>
	<u>\$189,181</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
COMBINING STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Crestworth Middle School	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Redesign Schools Network Office	Elimination	Total (Memorandum Only)
Current Assets:							
Cash	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 786,947	\$ -0-	\$ 786,947
Cash-restricted	250	250	250	-0-	-0-	-0-	750
Grants receivable	314,635	1,191,075	693,251	45,542	-0-	-0-	2,244,503
Other receivables	299,500	-0-	-0-	-0-	52,667	-0-	352,167
Due from other programs	-0-	-0-	819,581	64,192	460,093	(1,343,866)	-0-
Prepaid items	<u>3,863</u>	<u>12,430</u>	<u>14,049</u>	<u>4,080</u>	<u>92,047</u>	<u>-0-</u>	<u>126,469</u>
Total current assets	<u>\$ 618,248</u>	<u>\$ 1,203,755</u>	<u>\$ 1,527,131</u>	<u>\$ 113,814</u>	<u>\$ 1,391,754</u>	<u>\$ (1,343,866)</u>	<u>\$ 3,510,836</u>
Current Liabilities:							
Accounts payable - vendors	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 1,271,327	\$ -0-	\$ 1,271,327
Accrued salaries payable	-0-	-0-	-0-	-0-	120,427	-0-	120,427
Student activity funds	250	250	250	-0-	-0-	-0-	750
Due to other programs	<u>791,109</u>	<u>552,757</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,343,866)</u>	<u>-0-</u>
Total current liabilities	<u>791,359</u>	<u>553,007</u>	<u>250</u>	<u>-0-</u>	<u>1,391,754</u>	<u>(1,343,866)</u>	<u>1,392,504</u>
Non-current Liabilities:							
Non-current liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total noncurrent liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>791,359</u>	<u>553,007</u>	<u>250</u>	<u>-0-</u>	<u>1,391,754</u>	<u>(1,343,866)</u>	<u>1,392,504</u>
Net Assets:							
With donor restrictions	-0-	-0-	-0-	113,987	-0-	-0-	113,987
Without donor restrictions	<u>(173,111)</u>	<u>650,748</u>	<u>1,526,881</u>	<u>(173)</u>	<u>-0-</u>	<u>-0-</u>	<u>2,004,345</u>
Total net assets	<u>(173,111)</u>	<u>650,748</u>	<u>1,526,881</u>	<u>113,814</u>	<u>-0-</u>	<u>-0-</u>	<u>2,118,332</u>
Total liabilities and net assets	<u>\$ 618,248</u>	<u>\$ 1,203,755</u>	<u>\$ 1,527,131</u>	<u>\$ 113,814</u>	<u>\$ 1,391,754</u>	<u>\$ (1,343,866)</u>	<u>\$ 3,510,836</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Crestworth Middle School</u>	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
OPERATING REVENUES:							
Local Sources							
Minimum Foundation Program	\$ <u>688,272</u>	\$ <u>1,740,534</u>	\$ <u>2,064,399</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>4,493,205</u>
Total local sources	<u>688,272</u>	<u>1,740,534</u>	<u>2,064,399</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>4,493,205</u>
State Sources:							
Minimum Foundation Program	406,036	1,019,622	1,200,864	-0-	-0-	-0-	2,626,522
Grants with restrictions	-0-	-0-	-0-	200,000	-0-	-0-	200,000
Grants without restrictions	300,000	1,000	-0-	-0-	-0-	-0-	<u>301,000</u>
Net assets released from donor restrictions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total state sources	<u>706,036</u>	<u>1,020,622</u>	<u>1,200,864</u>	<u>200,000</u>	<u>-0-</u>	<u>-0-</u>	<u>3,127,522</u>
Federal grants	<u>480,447</u>	<u>1,786,338</u>	<u>1,132,479</u>	<u>45,542</u>	<u>-0-</u>	<u>-0-</u>	<u>3,444,806</u>
Total operating revenues	<u>1,874,755</u>	<u>4,547,494</u>	<u>4,397,742</u>	<u>245,542</u>	<u>-0-</u>	<u>-0-</u>	<u>11,065,533</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
COMBINING STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Crestworth Middle School</u>	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
EXPENSES:							
Program services	\$1,256,256	\$3,398,329	\$2,948,424	\$ 73,940	\$ 179,330	\$ (84,800)	\$ 7,771,479
Supporting services	<u>720,078</u>	<u>1,836,317</u>	<u>1,967,834</u>	<u>57,788</u>	<u>861,053</u>	<u>(953,164)</u>	<u>4,489,906</u>
Total expenses	<u>1,976,334</u>	<u>5,234,646</u>	<u>4,916,258</u>	<u>131,728</u>	<u>1,040,383</u>	<u>(1,037,964)</u>	<u>12,261,385</u>
Change in net assets from operating activities	<u>(101,579)</u>	<u>(687,152)</u>	<u>(518,516)</u>	<u>113,814</u>	<u>1,040,383</u>	<u>(1,037,964)</u>	<u>(1,195,852)</u>
NON-OPERATING REVENUES:							
Support from other programs	-0-	-0-	-0-	-0-	1,037,964	(1,037,964)	-0-
Other income	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>2,419</u>	<u>-0-</u>	<u>2,419</u>
Change in net assets from non-operating activities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,040,383</u>	<u>(1,037,964)</u>	<u>2,419</u>
Change in net assets from operating and non-operating activities	<u>(101,579)</u>	<u>(687,152)</u>	<u>(518,516)</u>	<u>113,814</u>	<u>-0-</u>	<u>-0-</u>	<u>(1,193,433)</u>
Net assets, as previously reported June 30, 2018	(88,986)	1,337,900	2,045,397	-0-	-0-	-0-	3,294,311
Prior period adjustment	<u>17,454</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>17,454</u>
Net assets, as restated June 30, 2018	<u>(71,532)</u>	<u>1,337,900</u>	<u>2,045,397</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,311,765</u>
Net assets - June 30, 2019	<u>\$ (173,111)</u>	<u>\$ 650,748</u>	<u>\$ 1,526,881</u>	<u>\$ 113,814</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,118,332</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Crestworth Middle School	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Redesign Schools Network Office	Elimination	Total (Memorandum Only)
EXPENSES							
Program services:							
Salaries	\$ 404,166	\$1,101,655	\$1,038,240	\$ 897	\$ 85,600	\$ -0-	\$2,630,558
Employee benefits	113,428	249,872	330,269	753	40,930	-0-	735,252
Payroll taxes	29,655	86,081	79,007	1,053	6,285	-0-	202,081
Communications	25,618	14,715	52,579	173	17,419	-0-	110,504
Professional services	36,894	93,903	107,328	9,188	26,236	-0-	273,549
Management fees	15,216	32,008	37,576	-0-	-0-	(84,800)	-0-
Food services management	76,952	220,379	246,978	-0-	-0-	-0-	544,309
Repairs and maintenance	57,618	118,576	109,859	11,791	-0-	-0-	297,844
Utilities	93,997	45,204	46,048	-0-	-0-	-0-	185,249
Cleaning services	107,106	135,873	143,201	-0-	-0-	-0-	386,180
Student transportation	170,923	388,896	515,257	-0-	-0-	-0-	1,075,076
Material and supplies	38,690	371,108	67,371	32,369	1,342	-0-	510,880
Technology related supplies	168	417,317	13,491	7,838	1,518	-0-	440,332
Insurance	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Curriculum	26,949	77,401	71,186	9,878	-0-	-0-	185,414
Educational services	51,128	19,440	50,800	-0-	-0-	-0-	121,368
Equipment rental	7,748	25,901	39,234	-0-	-0-	-0-	72,883
Dues and fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Professional development	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Support to other programs	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Travel expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Total program services	<u>1,256,256</u>	<u>3,398,329</u>	<u>2,948,424</u>	<u>73,940</u>	<u>179,330</u>	<u>(84,800)</u>	<u>7,771,479</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
COMBINING STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Crestworth Middle School</u>	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
EXPENSES							
Supporting services:							
Salaries	\$266,387	\$ 428,435	\$ 447,991	\$ 21,639	\$ 461,485	\$ -0-	\$ 1,625,937
Employee benefits	50,538	93,936	85,551	1,656	153,056	-0-	384,737
Payroll taxes	17,694	26,356	30,591	1,677	29,032	-0-	105,350
Communications	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Professional services	71,081	192,149	98,423	1,145	58,372	-0-	421,170
Management fees	-0-	322,300	394,024	24,000	-0-	-0-	740,324
Food services management	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Repairs and maintenance	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Cleaning services	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Student transportation	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Material and supplies	4,235	9,175	8,155	848	-0-	-0-	22,413
Technology related supplies	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Insurance	13,027	6,489	11,547	-0-	157,681	-0-	188,744
Curriculum	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Educational services	130,455	203,158	241,125	-0-	-0-	-0-	574,738
Equipment rental	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Dues and fees	22,900	56,329	66,702	-0-	1,427	-0-	147,358
Professional development	-0-	116,971	137,459	-0-	-0-	-0-	254,430
Support to other programs	142,975	371,734	438,455	-0-	-0-	(953,164)	-0-
Travel expense	<u>786</u>	<u>9,285</u>	<u>7,811</u>	<u>6,823</u>	<u>-0-</u>	<u>-0-</u>	<u>24,705</u>
Total supporting services	<u>720,078</u>	<u>1,836,317</u>	<u>1,967,834</u>	<u>57,788</u>	<u>861,053</u>	<u>(953,164)</u>	<u>4,489,906</u>
Total expenses	<u>\$1,976,334</u>	<u>\$5,234,646</u>	<u>\$4,916,258</u>	<u>\$131,728</u>	<u>\$1,040,383</u>	<u>\$(1,037,964)</u>	<u>\$12,261,385</u>

See Independent Auditors' Report on Supplementary Information.



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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
Redesign Schools Louisiana
Baton Rouge, 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 of America, the financial statements of **RSL** as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise **RSL's** financial statements, and have issued our report thereon dated December 30, 2019.

Internal Control Over Financial Reporting

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

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
(CONTINUED)

Internal Control Over Financial Reporting, Continued

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

A deficiency in internal control over financial reporting 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 significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of RSL's financial statements will not be prevented, or detected and corrected in a timely basis.

Compliance and Other Matters

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

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
(CONTINUED)

Purpose of this Report

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 30, 2019



Member
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Alcide J. Tervalon, Jr., CPA
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*

To the Board of Directors
Redesign Schools Louisiana
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited **Redesign Schools Louisiana (RSL's)** compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on **RSL's** major federal programs for the year ended June 30, 2019. **RSL's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

Management's Responsibility

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of RSL's major federal programs based on our audit of the types of compliance requirements previously described. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title II of the United States *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 RSL'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 RSL's compliance.

Opinion on Major Federal Program

In our opinion, RSL 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, 2019.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Report on Internal Control Over Compliance

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

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in RSL's internal control over compliance that might be significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

A significant deficiency in internal control over compliance is a deficiency or a combination of control deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Report on Internal Control Over Compliance, Continued

A material weakness in internal control over compliance in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control 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 in a timely basis.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *the Uniform Guidance*. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 30, 2019

REDESIGN SCHOOLS LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None Reported
• Significant deficiency (ies) identified?	None
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
• Material weakness(es) identified?	None Reported
• Significant deficiency (ies) identified?	None
Type of auditors' report issued on compliance for major programs:	No
Any audit findings disclosed that are required to be reported in accordance with the requirements of <i>the Uniform Guidance</i> ?	No

REDESIGN SCHOOLS LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Program:	84.367 - Title II, Part A - Teacher and Principal Training and Recruiting Fund
	84.027 - Individuals with Disabilities Education Act (IDEA) Part B
	97.036 - Alternative Procedures Pilot Program

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings and Questioned Costs

No financial statement findings were reported for the year ended June 30, 2019.

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the year ended June 30, 2019.

Section IV - Status of Prior Year's Findings and Questioned Costs

No prior year findings and questioned costs were reported for the year ended June 30, 2019.

REDESIGN SCHOOLS LOUISIANA

EXIT CONFERENCE

The financial statements and all related reports were discussed at a meeting held with management of **Redesign Schools Louisiana** noting agreement in all material respects.

Those who participated in the discussion are as follows:

REDESIGN SCHOOLS LOUISIANA

Mr. Craig Knotts	-- CMO
Ms. Ivonne Divinity	-- School Business Manager
Ms. Rayquel Nichols	-- Accounting Manager

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA	-- Partner
Mr. Mark Woods, Jr.	-- Accountant
Ms Suki Xia	-- Accountant



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Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

To the Board of Directors
Redesign Schools Louisiana

In planning and performing our audit of the financial statements of **Redesign Schools Louisiana (RSL)** as of and for the year ended June 30, 2019, we considered **RSL's** internal control over financial reporting as a basis for determining our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **RSL's** internal control. Accordingly, we do not express an opinion on the effectiveness of **RSL's** internal control.

However, during our audit, we became aware of other matters that provide an opportunity for **RSL** to strengthen its internal control and operating efficiency. Also, we reviewed the status of prior year's other matters noting their respective status. We previously reported on **RSL's** internal control in our report dated December 30, 2019. This letter does not affect our report dated December 30, 2019, on the financial statements of **RSL**.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2019***

Reference Number
OM 2019-001

Criteria

Management of RSL is responsible for the establishment of effective policies and procedures to ensure the safeguarding of its assets.

Condition

At June 30, 2019, RSL does not have a formalized written deposit policy to address its funds concentration risk for deposits held by an institution on its behalf in excess of the FDIC insurance coverage amount of \$250,000.

Cause

Lack of an established deposit policy to address the risk of funds concentration.

Effect or Potential Effect

Risk associated with the concentration of funds in excess of FDIC coverage.

Recommendation

Management should develop for board approval, a deposit policy that ensures the maintenance of continuous collateral beyond the FDIC coverage by its banker(s).

Management's Response and Planned Corrective Action

Management will develop and implement a funds concentration risk policy.

Anticipated completion date, is no later than May 31, 2020.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-002

Criteria

Management of **RSL** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy and regulations.

Condition

Our review of **RSL's** internal control processes over its revenue and expense cycles revealed the following conditions:

- In one (1) instance of twenty-five (25) cash disbursement transactions, we noted an instance of a vendor overpayment for \$20.

For one (1) of twelve (12) credit card transactions tested, we were unable to determine if the transaction was recorded on the general ledger in January 2019 (month of transaction).

- In one (1) of four (4) instances, we noted where the supporting documentation provided did not agree to the journal entry posted.
- For all journal entries selected for review, we noted no documented evidence of review and approval beyond the level for the preparer. Based on our review of **RSL's** fiscal and operating policies, we noted no specific written procedures for the review and approval process for journal entries.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-002

Cause

The level of oversight afforded to staff to include the consistent application of established practice.

Effect or Potential Effect

Noncompliance with established board policy to include the absence of a specific procedure for the review and approval of journal entries.

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are reviewed, approved and accurately recorded in the general ledger. Periodic analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Management's Response and Planned Corrective Action

Management will revisit with its current internal control procedures and processes, develop and implement appropriate changes to address the referenced conditions, where necessary.

Anticipated resolution date, is no later than May 31, 2020.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-003

Criteria

Management is responsible for the management of personnel resources to ensure compliance with board policy and regulatory requirements.

Condition

- For a sample of twenty-three (23) teachers reviewed for compliance with attributes for payroll documents, processing, and reporting, we noted in two (2) instances no documented evidence of the required annual ethics training as dictated by State statute on file.
- In two (2) of ten (10) payroll transactions tested, **RSL** was unable to provide us with the respective employee personnel file to support pay rates used.
- Also, for the referenced payroll sampled, we noted one (1) instance where the employee file did not contain W-4, L-4 and I-9 documentation.

Cause

Level of overall oversight in payroll processing to include adequate audit trail.

Effect or Potential Effect

Potential for noncompliance with board policy and regulation. Further, personnel could be over and/or under paid.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-003

Recommendation

Management should revisit with its current internal control over required training for personnel to ensure compliance. Further, employee files should include all required documentations.

Management's Response and Planned Corrective Action

Management will revisit with its processing and reporting procedures and/or practices with an aim towards resolution of the referenced condition.

Anticipated resolution date, is no later than May 31, 2020.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-004

Criteria

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions to ensure the complete and accurate preparation of its financial statements.

Condition

Noted the untimely reconciliation, review and approval of the June 2019 bank account reconciliations.

Cause

Lack of an established practice to ensure oversight in the timely completion of all bank account reconciliations.

Effect or Potential Effect

Potential for incomplete and/or inaccurate accounting for financial transactions.

Recommendation

All bank account reconciliations should be timely reconciled and evidenced by documented review and approval by management.

Management's Response and Planned Corrective Action

Management will continue to provide oversight in the timely reconciliation, review and documented evidence of approval for all monthly bank account reconciliations,

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-005

Criteria

Management is responsible for ensuring compliance with established board policy to include all regulatory requirements.

Condition

Article 7, Section 14 of the Louisiana Constitution of 1974 provides that funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

For a sample of twelve (12) credit card transactions tested, we noted one (1) instance where RSL purchased gift cards with public funds.

Cause

Lack of understanding of the criteria in the use of gift cards for employees.

Effect or Potential Effect

Potential for noncompliance with board policy and State statute.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-005

Recommendation

Management should revisit with its current internal control practices over expenses to ensure compliance with allowable and eligible program expenses.

Management's Response and Planned Corrective Action

Management will revisit with its policy regarding the use of public funds to ensure compliance with Board policy, grant agreement and State statute.

Anticipate resolution date, is no later than May 31, 2020.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018***

Reference Number

OM 2018-001

Criteria

Management of **RSL** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy.

Condition

Our review of **RSL's** internal control processes over its revenue and expense cycles revealed the following conditions:

- In two (2) instances of seven (7) deposits reviewed, funds collected were not deposited within seven (7) days upon receipt pursuant to board policy.

Further, in two (2) instances, we were unable to determine if the funds received were restrictively endorsed prior to deposit.

- Three (3) of twenty-five (25) sampled cash disbursement transactions reviewed were coded and recorded to incorrect general ledger accounts.
- Also, two (2) of the referenced sampled transactions were recorded in an incorrect fiscal year.
- For thirty-four (34) of thirty-four (34) journal entries selected for review, we noted no documented evidence of review and approval beyond the level for the preparer. Based on our review of **RSL's** fiscal and operating policies, we noted no written procedures for the review and approval process for journal entries.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018***

Reference Number, Continued

OM 2018-001

Condition, Continued

- For two (2) of the referenced journal entries sampled, the transactions were coded and recorded to an incorrect general ledger account number.
- One (1) of the referenced journal entries sampled was charged to an incorrect cost center (school).
- For six (6) credit card transactions sampled, we noted in one (1) instance the lack of documented evidence to support payment.
- Three (3) of eight disbursements for building maintenance expenses had no documented evidence of the basis of allocation rates used to distribute cost to all shared cost centers (schools).

Cause

The level of oversight afforded to staff to include the consistent application of established practice.

Effect or Potential Effect

Noncompliance with established board policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018***

Reference Number, Continued

OM 2018-001

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are reviewed, approved and accurately recorded in the general ledger. Periodic analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Current Status

Partially resolved. See current year's other matter report reference number OM 2019-002.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018***

Reference Number

OM 2018-002

Criteria

Management is responsible for the management of personnel resources to ensure compliance with board policy and regulatory requirements.

Condition

For a sample of twenty-five (25) teachers reviewed for compliance with attributes for payroll documents, processing, and reporting, we noted the following conditions:

- No documented evidence of approved payroll timesheets based on the sampled timesheets provided for our review.
- Unable to determine the documented basis for payroll cost (general ledger) distribution by cost center (school).
- In two (2) instances of the sampled teachers, personnel files lacked an executed Immigration Form I-9.
- The sick leave calculated for sixteen (16) teachers did not agree to the cumulate sick leave report provided to us.
- Payroll payment for six (6) of the sampled teachers of twenty-five (25), revealed pay rates that varied from employee contract amounts for the October 15, 2017 pay period.
- One (1) teacher was underpaid for professional training recorded on a timesheet for the October 15, 2017 pay period.
- For twenty-five (25) teachers sampled, we noted no documented evidence of IRS Form W-4 and Louisiana Form L-4 on file. Based on discussion with management, we noted that the referenced tax forms are completed electronically by all employees.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018***

Reference Number, Continued

OM 2018-002

Cause

Level of overall oversight in payroll processing to include adequate audit trail.

Effect or Potential Effect

Potential for noncompliance with board policy and regulation. Further, personnel could be over and/or under paid.

Recommendation

Management should revisit with its current internal control over its payroll processes with an aim towards strengthening internal controls.

Current Status

Partially resolved. See current year's other matters report reference number OM 2019-003.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018***

Reference Number

OM 2018-003

Criteria

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions to ensure the complete and accurate preparation of its financial statements.

Condition

Noted no documented evidence of review and approval of the June 2018 bank account reconciliations.

It is our understanding through discussion with management that the review and approval process, is performed electronically and may be retrieved through an audit trail report.

Cause

Lack of an established practice to ensure oversight.

Effect or Potential Effect

Potential for incomplete and/or inaccurate accounting for financial transactions.

INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL

(CONTINUED)

*STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018*

Reference Number, Continued

OM 2018-003

Recommendation

All bank account reconciliations should be evidenced by documented review and approval by management.

Current Status

Unresolved. See current year's other matters reference number OM 2019-004.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018***

Reference Number

OM 2018-004

Criteria

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions to ensure the complete and accurate preparation of its financial statements.

Condition

Our review of selected shared cost for respective cost centers (schools) managed by RSL, revealed variations in the ratios used in the allocation of shared costs.

Cause

Varying student population which serves as the primary basis for shared cost allocation.

Effect or Potential Effect

Potential for misclassification in shared cost.

Recommendation

Management should revisit with its shared cost allocation plan to facilitate a basis for allocation that is consistent throughout the year.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2018***

Reference Number

OM 2018-005

Criteria

Management of RSL is responsible for the establishment of effective policies and procedures to ensure the safeguarding of its assets.

Condition

At June 30, 2018, RSL does not have a formalized written deposit policy to address its funds concentration risk for deposits held in an institution in excess of the FDIC insurance coverage amount.

Cause

Lack of an established deposit policy to address the risk of funds concentration.

Effect or Potential Effect

Risk associated with the concentration of funds in excess of FDIC coverage.

Recommendation

Management should develop for board approval, a deposit policy that ensures the maintenance of collateral beyond the FDIC coverage by its banker(s) at all times.

Current Status

Unresolved. See current year's other matters report reference number OM 2019-001.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

RSL's response to the current and status of prior year's other matters reported are described in this report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit RSL's response and accordingly, we express no opinion on it.

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 30, 2019

REDESIGN SCHOOLS LOUISIANA
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
ON
PERFORMANCE AND STATISTICAL DATA
FOR THE YEAR ENDED JUNE 30, 2019

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Joseph A. Akanji, CPA

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

To the Board of Directors
Redesign Schools Louisiana
New Orleans, Louisiana

We have performed the procedures enumerated below as required by State of Louisiana R.S. 24:514 and listed in the Louisiana Governmental Audit Guide.

The procedures were agreed to by management of **Redesign Schools Louisiana (RSL)** the Louisiana Department of Education, and the Legislative Auditor for the State of Louisiana, solely to assist users in evaluating management's assertions about the accompanying performance and statistical data 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 **RSL's** management is responsible for the completeness of the performance and statistical data.

This agreed-upon engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable Standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. 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 following procedures described either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

The procedures performed, our findings and management's response as applicable, related to the accompanying schedules (Schedules 1 and 2) are summarized as follows:

**General Fund Instructional and Support Expenditures
(SCHEDULE 1)**

1. Procedure

We selected a random sample of twenty-five (25) transactions and reviewed supporting documentation to determine if the sampled expenditures are classified correctly and reported in the proper amounts for each of the following amounts reported on the Schedule:

- o Total General Fund Instructional Expenditures; and
- o Total General Fund Equipment Expenditures.

Finding

The results of the procedures performed on the selected instructional and support expenses revealed that the twenty-five (25) sampled transactions were correctly classified and reported.

Class Size Characteristics (SCHEDULE 2)

2. Procedure

We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a random sample of ten (10) classes to the October 1, 2018 roll books for those classes and determined if the classes were properly classified on the schedule.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

Class Size Characteristics (SCHEDULE 2), Continued

Finding

In two (2) instances of the ten (10) teacher's rollbook sampled, we noted where the total rollbook student count varied from the total student count reported on the Lead Class Summary report.

It is our understanding through discussion with management that the variance is due to student assignment to different teachers.

Management's Response

Management will continue to facilitate the coordination of its program and data personnel to ensure completeness in all externally reported data submitted to the State.

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

3. **Procedure**

We obtained the October 1, 2018 Profile of Educational Personnel (PEP) data submitted to the Department of Education including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of twenty-five (25) individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified in the PEP data.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

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

Finding

In three (3) instances of twenty-five (25) teachers sampled, we noted variances between the respective teacher's experience level as reported on the October 1, 2018 PEP report and their personnel file provided to us.

Further, in two (2) instances of the referenced sample, two (2) of the respective teacher's certificate as listed on the October 1, 2018 PEP report had expired.

Management's Response

Management will continue to facilitate the coordination of its Finance, Program and data personnel to ensure the completeness in all externally reported information to the State.

Public School Staff Data: Average Salaries (No Schedule)

4. **Procedure**

We obtained the June 30, 2019 PEP data submitted to the Department of Education of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of twenty-five (25) individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included in the PEP data.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

Public School Staff Data: Average Salaries (No Schedule), Continued

Finding

For five (5) of the twenty-five (25) sampled teachers, we noted a variance of approximately \$255 between the cumulative year to date payroll report at June 30, 2019 and the PEP reported dated June 30, 2019.

In two (2) instances of the referenced sample of teachers, we noted where the actual cumulative June 30, 2019 compensation (exclusive of professional development and stipends) reported in the payroll register were higher than the contract award amount in their respective personnel file. Amount reported in the June 30, 2019 PEP report (inclusive of the professional development and stipends) agreed with the amount per the payroll register.

Management's Response

Management will continue to facilitate the coordination of its Finance, Program and data personnel to ensure the completeness in all externally reported information to the State.

REDESIGN SCHOOLS LOUISIANA
General Fund Instructional and Support Expenditures
For the Year Ended June 30, 2019

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 1,872,155	
Other Instructional Staff Activities	\$ 418,004	
Instructional Staff Employee Benefits	\$ 836,670	
Purchased Professional and Technical Services	\$ 72,118	
Instructional Materials and Supplies	\$ 118,228	
Instructional Equipment	\$ 18,354	
Total Teacher and Student Interaction Activities		\$ 3,335,529
Pupil Support Activities	\$ 353,624	
Less: Equipment for Pupil Support Activities	\$ -	
Net Pupil Support Activities		\$ 353,624
Instructional Staff Services	\$ 479,642	
Less: Equipment for Instructional Staff Services	\$ -	
Net Instructional Staff Services		\$ 479,642
School Administration		
Less: Equipment for School Administration	\$ 1,963,915	
Net School Administration	\$ -	\$ 1,963,915
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 6,132,710</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 6,132,710</u>

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

Redesign Schools Louisiana

**Crestworth Middle School, Lanier Elementary, A Redesign School,
and Dalton Elementary, A Redesign School**

**Class Size Characteristics
As of October 1, 2018**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	80.9%	152	19.1%	36				
Elementary Activity Classes	80.6%	25	19.4%	6				
Middle/Jr. High	83.3%	30	16.7%	6				
Middle/Jr. High Activity Classes	83.3%	5	16.7%	1				
High								
High Activity Classes								
Combination	81.3%	182	18.7%	42				
Combination Activity Classes	81.1%	30	18.9%	7				

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

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

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.

RSL's response to the findings in our agreed-upon procedures is described in this report under the caption "Management's Response". We did not perform any procedures on RSL's response and, accordingly, we express no opinion on it.

This report is intended solely for the use of management, Board of Directors, the Louisiana Department of Education, BESE, 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 Auditors as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

December 30, 2019