

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Annual Financial Statements

June 30, 2019



Contents

Independent Auditor's Report	1 - 2
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Financial Statements

Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12

Independent Accountant's Report on Applying Agreed-Upon Procedures	14 - 16
---	---------

Schedules Required by Louisiana State Law (R.S. 24:514 - Performance and Statistical Data)		17
	Schedule	
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	18
Class Size Characteristics	2	19

Supplementary Information

Schedule of Board of Directors	21
Schedule of Compensation, Benefits, and Other Payments to Agency Head	22

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23 - 24
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Schedule of Findings and Responses	25
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Independent Auditor's Report

To the Board of Directors
Elan Academy Charter School
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Elan Academy Charter School (the School), which comprise the statement of financial position as of June 30, 2019, the related statements of activities and changes in net assets, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Elan Academy Charter School as of June 30, 2019, 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 financial statements as a whole. The schedule of board of directors and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The performance and statistical data, included as schedules 1 and 2 are not a required part of the financial statements, but are 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 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2018, the School adopted Accounting Standards Update No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2019, 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

Baton Rouge, LA
September 30, 2019

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Financial Position
June 30, 2019**

Assets	
Current Assets	
Cash	\$ 234,016
Grants Receivable	56,286
Prepaid Expenses	<u>8,776</u>
Total Current Assets	<u>299,078</u>
Property, Plant, and Equipment	
Buildings and Improvements	58,493
Machinery and Equipment	<u>91,977</u>
Total at Cost	150,470
Less: Accumulated Depreciation	<u>(67,402)</u>
Net Property, Plant, and Equipment	<u>83,068</u>
Total Assets	<u><u>\$ 382,146</u></u>
Liabilities and Net Assets	
Liabilities	
Accounts Payable	\$ 101,939
Accrued Expenses	<u>23,410</u>
Total Current Liabilities	<u>125,349</u>
Total Liabilities	<u>125,349</u>
Net Assets	
Without Donor Restrictions	<u>256,797</u>
Total Liabilities and Net Assets	<u><u>\$ 382,146</u></u>

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

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2019**

	Without Donor Restrictions
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Support and Revenue	
State Public School Funding	\$ 1,035,589
Private Grants and Contributions	517,072
Federal and State Grants	148,965
Other Income	<u>26,574</u>
Total Support and Revenue	<u>1,728,200</u>
 Expenses and Losses	
Program Services Expense	
Education Programs	1,284,771
Support Services Expense	
Management and General	<u>546,568</u>
Total Expenses and Losses	<u>1,831,339</u>
 Change in Net Assets	 (103,139)
 Net Assets, Beginning of Year	 <u>359,936</u>
 Net Assets, End of Year	 <u><u>\$ 256,797</u></u>

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

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Functional Expenses
For the Year Ended June 30, 2019**

	<u>Education Programs</u>	<u>Supporting Services</u>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 721,466	\$ 214,337	\$ 935,803
Employee Benefits	124,773	38,118	162,891
Food Services	114,978	6,317	121,295
Transportation	96,920	-	96,920
Supplies and Materials	65,672	15,570	81,242
Back-Office Services, Payroll, and Audit	-	81,062	81,062
Facility-Related Expenses	45,765	26,572	72,337
Authorizer Fees	-	69,864	69,864
Equipment and Furniture	29,949	18,609	48,558
Purchased Educational Services	44,464	-	44,464
Other Purchased Services	-	40,926	40,926
Depreciation and Amortization	40,133	-	40,133
Insurance	-	18,387	18,387
Bad Debt Expense	-	14,314	14,314
Travel	-	2,296	2,296
Dues and Fees	651	-	651
Legal Services	-	196	196
Total	<u>\$ 1,284,771</u>	<u>\$ 546,568</u>	<u>\$ 1,831,339</u>

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

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Statement of Cash Flows
For the Year Ended June 30, 2019**

Cash Flows from Operating Activities	
Change in Net Assets	\$ (103,139)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	40,133
(Increase) Decrease in:	
Grants Receivable	181,561
Prepaid Expenses	(2,872)
Increase (Decrease) in:	
Accounts Payable	82,926
Accrued Expenses	<u>10,200</u>
Net Cash Provided by Operating Activities	<u>208,809</u>
Cash Flows from Investing Activities	
Purchase of Property, Plant, and Equipment	<u>(37,107)</u>
Net Cash Used in Investing Activities	<u>(37,107)</u>
Net Increase in Cash	171,702
Cash, Beginning of Year	<u>62,314</u>
Cash, End of Year	<u><u>\$ 234,016</u></u>

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

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Organization

Elan Academy Charter School (the School) was created as a non-profit corporation under the laws of the State of Louisiana on October 23, 2015. On May 17, 2016, the School entered into a Charter School Operating agreement with the Orleans Parish School Board (OPSB) beginning July 1, 2017, whereby the School would operate a Type 1 charter school as defined in Louisiana Revised Statute (LRS) 17:3971, et. seq. The charter agreement currently expires on June 30, 2022. The School also entered into a Local Educational Agency (LEA) agreement maintaining OPSB as the School's LEA. The School is currently approved to serve eligible students in kindergarten through sixth grade in Orleans Parish.

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

Basis of Net Asset Presentation

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

Net Assets Without Donor Restrictions - Net assets for general use that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction.

Basis of Accounting

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

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing the program services and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied.

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Functional Expenses (Continued)

When possible, expenses are first allocated by direct identification and then by allocation if an expenditure benefits more than one program or function. The expenses that are allocated are allocated on the basis of estimates of time and effort. There were no such allocated expenses during the year ended June 30, 2019.

Advertising

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

State and Federal Funding

The School's primary source of funding is through the State Public School Fund. The School receives funding per eligible student in attendance on October 1st, payable in monthly installments. The October 1st student count is audited by the Louisiana Department of Education. Adjustments are made in the following year. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

Private Grants and Contributions

Private grants and contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. The School will not recognize a conditional promise to give until the conditions on which the promise depends are substantially met. Contributions are reported as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions expected to be collected in less than one year are reported at net realizable value. Those expected to be collected in more than one year are recorded at fair value at the date of the promise and are discounted at an appropriate discount rate. Future amortization of the discount will be included in contribution revenue. Management closely monitors outstanding balances and writes off any balances deemed uncollectible.

Cash

During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received from individuals or entities who specified the use of the contribution. At June 30, 2019, there were no restricted cash balances.

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. At June 30, 2019, the School had no cash equivalents.

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Property, Plant, and Equipment and Depreciation

Property, plant, and equipment 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 expense for the year ended June 30, 2019 was \$40,133.

Depreciation of property, plant, and equipment is calculated using the straight-line method over the estimated useful lives of the assets. The following are the estimated useful lives of the property, plant, and equipment of the School:

	Useful Lives
Building Improvements	5 Years
Machinery and Equipment	3 - 5 Years

Income Taxes

The School is recognized by the Internal Revenue Service (IRS) 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.

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 management has determined that there are no uncertain tax positions that are material to the financial statements. Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

Compensated Absences

The Board of Directors of the School grants all contracted employees of the School a total of five (5) days of sick pay and three (3) personal days per year, pro-rated based on date of hire. Sick days may not be accumulated from year to year. Personal days may be accumulated from year to year, not to exceed 5 days. Personal days and sick leave are not compensable and are forfeited upon termination. As such, at June 30, 2019, the School had no accrued compensated absences.

Concentrations of Risk

The School received 60% of its revenues for the year ended June 30, 2019, from the State of Louisiana and OPSB, subject to its charter agreement with the State.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be recovered. The School periodically maintains cash in one financial institution located in northern Louisiana 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.

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Reversionary Interest in Funds and Assets

All funds received from the Louisiana Department of Education, United States Department of Education, or other state or federal agency are funds earned by the School to be used for the purpose for which they were acquired. Those agencies, however, have a reversionary interest in those funds, as well as any assets acquired with those funds. Should the charter agreement not be renewed, those funds and assets will transfer to the appropriate agency.

Recent Accounting Pronouncements - Not Yet Adopted

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 to which an entity expects to be entitled when products are transferred to customers. ASU 2014-09 is effective for nonpublic organizations for annual reporting periods beginning after December 15, 2018, though 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 adopting this new guidance on its financial statements and does not expect the impact to be significant.

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 the new revenue standard on its financial statements.

Recent Accounting Pronouncements - Adopted

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The School implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented which resulted in no reclassification of net assets.

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Liquidity and Availability

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

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 234,016
Grants Receivable	<u>56,286</u>
Total	<u>\$ 290,302</u>

Note 2. Cash

The School's cash (book balances) at June 30, 2019, was \$234,016, which is stated at cost and approximates market.

Note 3. Grants Receivable

As of June 30, 2019, grants receivable consisted of amounts due from the following sources:

Grants	Amount
Charter School Program	\$ 41,970
Title I	10,333
Other	
Education Excellence Fund	2,169
Title IV	1,024
Title II	<u>790</u>
Total	<u>\$ 56,286</u>

All amounts listed above are considered fully collectible.

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA**

Notes to Financial Statements

Note 4. Accrued Expenses

Accrued expenses as of June 30, 2019, were as follows:

Accrued Wages and Payroll Taxes	<u>\$ 23,410</u>
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Note 5. Retirement Plan

The School sponsors a 403(b) plan for all eligible employees. Eligible employees are vested upon completing one (1) year of service with the School. Eligible employees may contribute up to the maximum allowed by the Internal Revenue Service (IRS). The School matches 100% of all eligible employee contributions up to a maximum of 3% of the eligible employee's compensation. The School match for the year ended June 30, 2019 totaled \$14,186.

Note 6. School Facilities Operating Lease

Effective July 1, 2017, the School entered into an agreement with the OPSB, which allows the School to use the facilities and its contents located at 709 Park Boulevard, New Orleans, Louisiana, or any other locations as may be approved by the School and the OPSB. The agreement terminates on June 30, 2021.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. Improvements made to the facilities become property of the OPSB.

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

Note 7. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 30, 2019, and determined that no events occurred that require disclosure.

No subsequent events occurring after this date have been evaluated for inclusion in these 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
Elan Academy Charter School
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by Elan Academy Charter School (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2019, and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (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 enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

Findings: None.

Class Size Characteristics (Schedule 2)

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

Findings: None.

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

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

Findings: None.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Findings: We noted that the PEP data submitted to the State of Louisiana reported all employees as full-time and did not account for employees hired during the year, nor part-time employees. As such, we noted that salaries paid for twelve (12) of the seventeen (17) employees selected differed from reported values.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of 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

Baton Rouge, LA
September 30, 2019

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedules Required by Louisiana State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and For the Year Ended June 30, 2019**

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 - 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.

**ELAN ACADEMY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 General Fund Instructional and Support Expenditures
 and Certain Local Revenue Sources
 For the Year Ended June 30, 2019**

Schedule 1

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures		
Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 437,329	
Other Instructional Staff Salaries	36,707	
Instructional Staff Employee Benefits	84,951	
Purchased Professional and Technical Services	29,673	
Instructional Materials and Supplies	1,423	
Instructional Equipment	41,015	
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Total Teacher and Student Interaction Activities		\$ 631,098
Other Instructional Activities		-
Pupil Support Services		-
Less: Equipment for Pupil Support Services	-	
	<hr/>	
Net Pupil Support Services		-
Instructional Staff Services		-
Less: Equipment for Instructional Staff Services	-	
	<hr/>	
Net Instructional Staff Services		-
School Administration		474,817
Less: Equipment for School Administration	1,888	
	<hr/>	
Net School Administration		472,929
Total General Fund Instructional Expenditures		\$ 1,104,027
		<hr/>
Total General Fund Equipment Expenditures		\$ 42,903
		<hr/>

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	-	
	<hr/>	
Total Local Taxation Revenue		\$ -
		<hr/>
Local Earnings on Investment in Real Property		
Earnings from 16 th Section Property	\$ -	
Earnings from Other Real Property	-	
	<hr/>	
Total Local Earnings on Investment in Real Property		\$ -
		<hr/>
State Revenue in Lieu of Taxes		
Revenue Sharing - Constitutional Tax	\$ -	
Revenue Sharing - Other Taxes	-	
Revenue Sharing - Excess Portion	-	
Other Revenue in Lieu of Taxes	-	
	<hr/>	
Total State Revenue in Lieu of Taxes		\$ -
		<hr/>
Nonpublic Textbook Revenue	\$ -	
Nonpublic Transportation Revenue	-	
	<hr/>	
		\$ -
		<hr/>

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

**ELAN ACADEMY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Class Size Characteristics
 As of October 1, 2018**

Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	50%	21	50%	21				
Elementary Activity Classes	50%	3	50%	3				

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

SUPPLEMENTARY INFORMATION

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Board of Directors
For the Year Ended June 30, 2019**

Board Members	Compensation
Mr. Darren Patin, Board Chair	\$-0-
Mr. Daniel Willeman, Vice-Chair	\$-0-
Mr. Todd Taylor, Secretary	\$-0-
Mrs. Kim Davis	\$-0-
Ms. Kitty Cook Ramsey	\$-0-
Mr. David Hoover	\$-0-
Mr. Riger Watkins	\$-0-
Ms. Ashley Shabankarah	\$-0-

See independent auditor's report.

**ELAN ACADEMY CHARTER SCHOOL
 NEW ORLEANS, LOUISIANA
 Schedule of Compensation, Benefits, and Other Payments
 to Agency Head
 For the Year Ended June 30, 2019**

Agency Head
 Melanie Askew, Head of School

Purpose	Amount
Salary	\$105,600
Bonus	\$5,000
Benefits - Retirement	\$3,168
Benefits - Insurance	\$7,411
Contract Agreement	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$500
Registration Fees	\$150
Conference Travel	\$500
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Meals	\$0

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
Elan Academy Charter School
New Orleans, 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 financial statements of Elan Academy Charter School (the School), which comprise the statement of financial position as of June 30, 2019, the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the 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 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 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 over financial reporting 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 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. 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

Baton Rouge, LA
September 30, 2019

**ELAN ACADEMY CHARTER SCHOOL
NEW ORLEANS, LOUISIANA
Schedule of Findings and Responses
For the Year Ended June 30, 2019**

Part I. Summary of Auditor's Results

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 Financial Statements

None.

Part III. Federal Award Findings

Not applicable.

Part IV. Prior Year Findings

None.

AGREED-UPON PROCEDURES REPORT

Elan Academy Charter School

Independent Accountant's Report
on Applying Agreed-Upon Procedures

For the Period of July 1, 2018 - June 30, 2019

To Elan Academy Charter School and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Elan Academy Charter School (Elan) 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, 2018 through June 30, 2019. Elan'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

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - 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/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- 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 Statutes 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: Elan had not implemented a disaster recovery/business continuity policy as of June 30, 2019. Functions that were determined to not be applicable were items j) Debt Service.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: We noted one (1) reconciling item totaling \$50 that has been outstanding for more than 12 months, which did not include evidence of research other than the reconciliation itself.

Collections (excluding EFTs)

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

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

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: No exceptions noted.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: No exceptions noted.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
- e) Trace the actual deposit per the bank statement to the general ledger.

Results: As Elan is a charter school, its major sources of revenues are monthly Minimum Foundation Program payments and grant reimbursements. Elan receives all such public funds via ACH transfer. Elan noted no public funds that were received as cash during the fiscal year. As such, there were no transactions selected for testing.

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

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

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

- 8. For each location selected under #7 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: No exceptions noted due to compensating controls.

We noted that most purchases are initiated and approved by the Director of Operations, unless certain quantitative thresholds are met which would require board review.

We noted no employees with signatory authority that were also able to add vendors to the accounting system.

We noted that the person who processes payments and stamps checks with signatures, the agent of the outsourced accounting firm, is also responsible for adding vendors to the system. However, we noted that the outsourced accounting firm will provide a regular listing of vendors to management and the board for review.

We noted that blank check stock is maintained in the locked office of the outsourced accounting firm and that emergency manual checks are maintained in the locked office of an authorized signor.

9. For each location selected under #7 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.

Results: We obtained management's representation that the listing provided is complete. No exceptions noted.

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

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

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

11. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: No exceptions noted.

12. Using the monthly statements or combined statements selected under #11 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as "missing receipt statement" that is subject to increased scrutiny.

Results: No exceptions noted.

Payroll and Personnel

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

Results: No exceptions noted.

14. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #13 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that 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) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: No exceptions noted.

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

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

16. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: We obtained management's representation that the appropriate employee and employer portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid and were submitted to the applicable agencies by the required deadlines.

Ethics

17. Using the 5 randomly selected employees/officials from procedure #13 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: We noted that one (1) out of five (5) employees selected did not complete the ethics training during the fiscal year. However, this employee had completed the ethics training during January 2018 and July 2019.

We noted that Elan utilizes the completed one hour ethics training as ethical policy acknowledgement and does not require a separate annual signatory acknowledgment.

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

Baton Rouge, LA
September 30, 2019



September 30, 2019

LaPorte CPAs & Business Advisors
5100 Village Walk, Suite 300
Covington, LA 70433

SAUP Report

- Item 1 – Disaster Recovery Policy.
 - *Elan Academy plans to review and implement a disaster recovery policy in FY20 to be in compliance with the LLA AUP standards.*
- Item 2 - \$50 outstanding.
 - *This \$50 check was written to The New Orleans School Leaders Forum for membership fees. Elan elected to not participate in the Forum and the check was voided.*
- Item 17- Ethics testing.
 - *Public servants and elected officials are required to take one hour of training per the calendar year, on the Code of Governmental Ethics pursuant to LA R.S.42:1170.A. The employee selected completed the training prior to employment at Elan during the 2018 calendar year. The state's calendar year and Elan fiscal year are not the same time frame. As a result, the employee was unable to take the training again during the fiscal year. However, the training's year-long certification did indeed cover Elan's fiscal year and the employee completed the training once more during the 2019 calendar year.*
 - *Elan plans to implement an annual acknowledgment of the ethics policy required for all employees and add an ethics statement to job offers.*

OPSB AUP Report

- *The 2/1 count data found on the SIS21 report could not be provided by OPSB due to an error on their system. The Elan Academy management worked to provide as much data as possible for the audit test and followed-up with OPSB to attempt to acquire the data needed.*

LDOE AUP Report

- *We will review data and salary details for accuracy in all future PEP data submissions moving forward. We will ensure all fields are updated appropriately and employees who do not work 100% of the FY are noted as such in the data.*