

FOUNDATION PREPARATORY, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDING JUNE 30, 2018 AND 2017

Table of Contents

Independent Auditors' Report	1-2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to the Financial Statements	9-12
Schedule of Compensation, Benefits, and Other Payments to the School Leader	13
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	14-15
Schedule of Findings and Questioned Costs	16
Schedule of Prior Year Findings and Questioned Costs	17
Other Information	
Independent Accountant's Report on Applying Agreed upon Procedures	18-21
Schedule Descriptions	22-23
Performance and Statistical Data	24-32
Independent Accountant's Report on Applying Statewide Agreed upon Procedures	33-40

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Foundation Preparatory, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Foundation Preparatory, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in 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 Foundation Preparatory, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to the School Leader, is presented for purposes of additional analysis and is 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 and the report on the Statewide Agreed Upon Procedures are not a required part of the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2018, on our consideration of Foundation Preparatory, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of Foundation Preparatory, Inc.'s 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 Foundation Preparatory, Inc.'s internal control over financial reporting and compliance.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

September 27, 2018

FOUNDATION PREPARATORY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash	\$ 450,342	\$ 517,228
Accounts receivable, net	114,004	69,187
Prepaid expenses	9,300	2,780
Total Current Assets	<u>573,646</u>	<u>589,195</u>
Property and Equipment		
Equipment	23,671	20,071
Accumulated depreciation	(15,714)	(7,823)
Total Property and Equipment	<u>7,957</u>	<u>12,248</u>
Total Assets	<u>\$ 581,603</u>	<u>\$ 601,443</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 27,968	\$ 5,511
Accrued expenses	92,396	38,091
Accrued wages	29,437	23,854
Due to related party	-	-
Current portion of start up loan	2,222	13,333
Total Current Liabilities	<u>152,023</u>	<u>80,789</u>
Total Liabilities	<u>152,023</u>	<u>80,789</u>
Net Assets		
Unrestricted net assets	384,930	520,654
Temporarily restricted	44,650	-
Total Net Assets	<u>429,580</u>	<u>520,654</u>
Total Liabilities and Net Assets	<u>\$ 581,603</u>	<u>\$ 601,443</u>

See accompanying notes and independent auditors' report.

FOUNDATION PREPARATORY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDING JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Minimum Foundation Program	\$ 1,341,216	\$ -	\$ 1,341,216
Federal and State grants	170,942	-	170,942
Contributions	15,081	-	15,081
Private Grants	53,475	50,000	103,475
Food service reimbursement	125,781	-	125,781
Changes in net asset restrictions:			
Released from restrictions	5,350	(5,350)	-
Total Revenues	<u>1,711,845</u>	<u>44,650</u>	<u>1,756,495</u>
EXPENSES			
Program services	1,627,807		1,627,807
Management and general	219,762		219,762
Total Expenses	<u>1,847,569</u>	<u>-</u>	<u>1,847,569</u>
CHANGE IN NET ASSETS	(135,724)	44,650	(91,074)
Net assets - beginning of year	<u>520,654</u>	<u>-</u>	<u>520,654</u>
Net assets - end of year	<u>\$ 384,930</u>	<u>\$ 44,650</u>	<u>\$ 429,580</u>

See accompanying notes and independent auditors' report.

FOUNDATION PREPARATORY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDING JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Minimum Foundation Program	\$ 956,062	\$ -	\$ 956,062
Federal and State grants	51,298	-	51,298
Contributions	433,609	-	433,609
Private Grants	420,127	-	420,127
Food service reimbursement	95,782	-	95,782
	<hr/>	<hr/>	<hr/>
Total Revenues	1,956,878	-	1,956,878
EXPENSES			
Program services	1,339,294	-	1,339,294
Management and general	142,387	-	142,387
	<hr/>	<hr/>	<hr/>
Total Expenses	1,481,681	-	1,481,681
CHANGE IN NET ASSETS	475,197	-	475,197
Net assets - beginning of year	45,457	-	45,457
Net assets - end of year	<u>\$ 520,654</u>	<u>\$ -</u>	<u>\$ 520,654</u>

See accompanying notes and independent auditors' report.

FOUNDATION PREPARATORY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDING JUNE 30, 2018

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Curriculum materials and software	49,311	-	49,311
Depreciation	6,312	1,578	7,890
Employee benefits	115,331	11,063	126,394
Food service	108,759	-	108,759
Insurance	23,257	5,814	29,071
Payroll taxes	64,852	5,242	70,094
Recruiting	26,446	-	26,446
Rent	5,166	1,292	6,458
Repairs and maintenance	75,246	18,811	94,057
Salaries	769,677	64,729	834,406
Supplies	18,353	10,752	29,105
Technical and professional services	175,210	90,005	265,215
Transportation	145,090	-	145,090
Travel	2,891	-	2,891
Utilities	41,906	10,476	52,382
	<u>1,627,807</u>	<u>219,762</u>	<u>1,847,569</u>

See accompanying notes and independent auditors' report.

FOUNDATION PREPARATORY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDING JUNE 30, 2017

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Curriculum materials and software	36,038	-	36,038
Depreciation	4,690	1,173	5,863
Employee benefits	81,225	10,369	91,594
Food service	82,140	-	82,140
Insurance	17,686	4,421	22,107
Payroll taxes	57,688	3,981	61,669
Recruiting	32,381	-	32,381
Rent	2,260	565	2,825
Repairs and maintenance	55,706	13,926	69,632
Salaries	664,539	31,501	696,040
Supplies	22,076	11,808	33,884
Technical and professional services	143,743	54,234	197,977
Transportation	93,888	-	93,888
Travel	3,599	-	3,599
Utilities	41,635	10,409	52,044
	<u>1,339,294</u>	<u>142,387</u>	<u>1,481,681</u>

See accompanying notes and independent auditors' report.

**FOUNDATION PREPARATORY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (91,074)	\$ 475,197
<u>Adjustments to reconcile net revenues over expenses to net cash provided by (used in) operating activities:</u>		
Depreciation	7,891	5,863
Increase in accounts receivable	(44,817)	(39,213)
(Increase) Decrease in prepaid expenses	(6,520)	7,659
Increase (Decrease) in accounts payable	22,457	(13,106)
Increase in accrued expenses	59,888	24,397
Decrease in start up loan	-	13,333
Total adjustments	38,899	(1,067)
Net cash provided by (used in) operating activities	<u>(52,175)</u>	<u>474,130</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(3,600)</u>	<u>(11,250)</u>
Net cash used in investing activities	<u>(3,600)</u>	<u>(11,250)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on debt	<u>(11,111)</u>	<u>(13,333)</u>
Net cash used in financing activities	<u>(11,111)</u>	<u>(13,333)</u>
INCREASE (DECREASE) IN CASH	(66,886)	449,547
CASH, BEGINNING OF YEAR	<u>517,228</u>	<u>67,681</u>
CASH, END OF YEAR	<u>\$ 450,342</u>	<u>\$ 517,228</u>

See accompanying notes and independent auditors' report.

**FOUNDATION PREPARATORY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

1. Summary of Significant Accounting Policies

(a) Organization

Foundation Preparatory, Inc. (the School) was incorporated on December 17, 2013 as a non-profit corporation under the laws of the State of Louisiana. The school was approved as a Type 1 charter by the Orleans Parish School Board on July 22, 2014. The School first opened for students beginning with the 2015-2016 school year.

The charter contract is effective for an initial period of five years and will terminate on June 30, 2020 unless extended for a maximum of five years contingent upon the results of a review by the Orleans Parish School Board of the School's operations and compliance.

(b) Basis of Accounting

The financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

(c) Revenues

The School receives the majority of its revenue from the Minimum Foundation Program (MFP) which passes through the Orleans Parish School Board. The amount of the MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes. The School also receives federal, state and private sector funding. Federal and state funds are both passed through the Louisiana Department of Education or the Orleans Parish School Board.

(d) Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets

Unrestricted net assets are for general use with no restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets can be expended currently, but only for a specified purpose designated by the grantor. There are no temporarily restricted net assets as of June 30, 2018.

Permanently Restricted Net Assets

Net assets permanently restricted for future use by the grantor or the board of directors. There are no permanently restricted net assets as of June 30, 2018.

FOUNDATION PREPARATORY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

1. Summary of Significant Accounting Policies (continued)

(e) Cash

Cash consists of bank deposits held with financial institutions and cash on hand.

(f) Accounts and Grants Receivable

Management has determined that there were no balances recorded that were uncollectible as of years ending June 30, 2018 & 2017.

(g) Functional Expenses

The School allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expense classification.

(h) Income Taxes

The School accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The School files information returns in the U.S. federal jurisdiction and in various other states. The School is no longer subject to federal information return examinations by tax authorities for years before 2014.

(i) Use of Estimates

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

(j) Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

2. Concentrations

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts held with a bank. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of June 30, 2018 and 2017 there were cash balances of \$206,964 and \$294,000, respectively in excess of FDIC insured limits. The School places its deposits with high-credit, quality financial institutions and does not believe that it is exposed to any significant credit risk on uninsured amounts.

FOUNDATION PREPARATORY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

2. Concentrations (continued)

The School receives the majority of its operating revenue from the Louisiana Department of Education in the form of Minimum Foundation program funding and other federal, state, and private grants. The percentage of revenue and receivables from these sources in excess of 10% is as follows:

<u>2018</u>	<u>Revenue</u>	<u>Receivables</u>
Minimum Foundation Program	77%	22%
Title 1A	-	22%
Preschool Expansion Grant	-	16%
Federal Food Service	-	36%
<u>2017</u>	<u>Revenue</u>	<u>Receivables</u>
Walton Foundation	21%	-
NSNO Grant	22%	-
Minimum Foundation Program	49%	-
Title 1A	-	28%
Preschool Expansion Grant	-	41%
Federal Food Service	-	28%

3. RSD Facilities Agreement

In June of 2017, the School entered into an agreement with the Recovery School District (RSD) and Collegiate Academies (CA) to partake in a shared space agreement. Under this agreement RSD will provide Foundation Prep with adequate building space to conduct school activities for two years.

The agreement with RSD stipulates that Foundation Prep will pay 35% (not to exceed \$140,000 for the period covering July 1, 2017 to June 30, 2018) of the services procured by CA. These services are required to manage and operate the school. Foundation Prep has the option to cancel the agreement at any time without any obligation to continue payments.

4. Property and Equipment

Property and equipment is presented in the financial statements on the basis of cost less allowances for depreciation. The School capitalizes all expenditures of depreciable assets where cost exceeds \$500. Depreciation is computed using the straight line method and is provided over the estimated useful lives of the assets, which is generally three to five years.

All property and equipment purchased with Louisiana Department of Education funds are owned by the School. However, these assets would revert back to the Louisiana Department of Education should the charter not be renewed.

5. Compensated Absences

Employees earn paid time off based on various factors such as length of service and job title. Any unused paid time off is paid out at the end of the year and does not carry over to the following year. Therefore, there are no compensated absences accrued at June 30, 2018 or 2017.

FOUNDATION PREPARATORY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

6. Benefit Plan

The School maintains a 401k retirement plan for its employees. All employees who meet eligibility requirements related to age and length of service are eligible to participate in the plan. Employees may elect to defer a certain percentage of their total compensation, within limits established by the Internal Revenue Code. The School matches up to 3% of employee deferrals. For the years ended June 30, 2018 and 2017 the total amounts paid by the School under the plan were \$9,423 and \$8,627 respectively.

7. Commitments and Contingencies

The School receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the School's management that its compliance with the terms of the grant will not result in any disallowed costs.

8. School Start Up Loan

The School has loans payable for startup costs with an organization that provides charter school support and business management services.

The total amount of startup costs loan was \$40,000 and began on July 1, 2015. This loan is payable in equal monthly installments of \$1,111 over 36 months. The total amount due on this loan at June 30, 2018 and 2017 was \$2,222 and \$13,333 respectively. This loan does not bear any interest.

Projected amounts due on these loans for next year are as follows:

	Start Up Costs
Fiscal Year 2019	<u>\$ 2,222</u>

9. Temporarily Restricted Net Assets

For the school year ended June 30, 2018, the school received a grant of \$50,000 from NewSchools Venture Funds for the benefit of PREP Community Schools. PREP Community Schools is an organization being developed as a multi-state CMO by the School's Executive Director. The School is acting as a fiduciary agent for PREP and is restricted to using the funds for support activities for PREP as detailed in the grant agreement. During the year ended June 30, 2018, the School spent \$5,350 of the grant for its intended purpose. This left a temporarily restricted net asset balance of \$44,650 at June 30, 2018.

**FOUNDATION PREPARATORY, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE SCHOOL LEADER
FOR THE PERIOD ENDING JUNE 30, 2018**

School Leader:	M. King
Salary	\$ 92,250
Benefits - Insurance	7,361
Benefits - Retirement	2,767
Conference travel and fees	848
	<u>\$ 103,226</u>

See accompanying notes and independent auditors' report.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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*

Board of Directors
Foundation Preparatory, Inc.
New Orleans, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foundation Preparatory, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Foundation Preparatory, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Foundation Preparatory, Inc.'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the 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 Foundation Preparatory, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513.1, this report is distributed by the Legislative Auditor as a public document.

Daigrepoint & Brian apac

Daigrepoint & Brian, APAC
Baton Rouge, LA

September 27, 2018

**FOUNDATION PREPARATORY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE PERIOD ENDING JUNE 30, 2018**

We have audited the financial statements of Foundation Preparatory, Inc., as of June 30, 2018, and for the year then ended, and have issued our report thereon dated September 27, 2018. 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.

Summary of Auditors' Reports

Financial Statements

Type of auditors' report issued:	Unqualified
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Findings - Financial Statement Audit

There are no findings for the year ended June 30, 2018

Questioned Costs

There are no questioned costs for the year ended June 30, 2018

See accompanying notes and independent auditors' report.

**FOUNDATION PREPARATORY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE PERIOD ENDING JUNE 30, 2017**

Summary of Prior Audit Findings

There were no prior year audit findings

See accompanying notes and independent auditors' report.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Foundation Preparatory, Inc.

We have performed the procedures enumerated below, which were agreed to by the management of Foundation Preparatory, Inc. and the Legislative Auditor, State of Louisiana, on the performance and statistical data accompanying the annual financial statements of Foundation Preparatory, Inc. for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514 I. Management of Foundation Preparatory, Inc. is responsible for its performance and statistical data. 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 enumerated below either for the purpose for which this report has been requested or for any other purpose.

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

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

Procedure #1

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

- Total General Fund 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

Results of Procedure #1

In performing the testing on the sample of expenditures/revenues we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

Education Levels of Public School Staff (Schedule 2)

Procedure #2

We reconciled the total number of full-time classroom teachers per the Schedule "Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this Schedule and to the School's supporting payroll records as of October 1st.

Results of Procedure #2

No differences were noted between the number of full-time classroom teachers per Schedule 4 and Schedule 2.

Procedure #3

We reconciled the total of principals and assistant principals per the Schedule "Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this Schedule.

Results of Procedure #3

No differences were noted between the number of principals and assistant principals per Schedule 4 and Schedule 2.

Procedure #4

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the Schedule. We traced a sample of all 16 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the Schedule.

Results of Procedure #4

No differences were noted between the education levels per the listing and the individual's personnel file.

Number and Type of Public Schools (Schedule 3)

Procedure #5

We obtained a list of schools by type as reported on the Schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies application.

Results of Procedure #5

We noted no discrepancies between the total number of schools as listed on the Public Charter School Program grant application and the list supporting the schools represented on the Schedule.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule 4)

Procedure #6

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and traced the same sample used in Procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the Schedule.

Results of Procedure #6

No differences were noted between the education levels per the listing and the individual's personnel file.

Public School Staff Data: Average Salaries (Schedule 5)

Procedure #7

We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the Schedule and traced all 16 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the Schedule.

Results of Procedure #7

We noted consistency between the level of compensation that would be appropriate for the education and experience level per the district wide salary schedule and the amount actually paid per the list of all classroom teachers.

Procedure #8

We recalculated the average salaries and full-time equivalents reported on the Schedule.

Results of Procedure #8

No discrepancies existed between the average salaries reported on the Schedule and our calculations.

Class Size Characteristics (Schedule 6)

Procedure #9

We obtained a list of classes by school, school type, and class size as reported on the Schedule and reconciled school type classifications to Schedule 3 data, as obtained in Procedure 5. We then traced all classes to the October 1st roll books for those classes and determined if the class was properly classified on the Schedule.

Results of Procedure #9

No discrepancies were noted between the classes reported on the Schedule and those in the roll books.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

Procedure #10

Foundation Preparatory, Inc. did not administer the Leap as it only had K-3rd grade students in school year 2017-2018.

Results of Procedure #10

Foundation Preparatory, Inc. did not administer the Leap as it only had K-3rd grade students in school year 2017-2018.

Graduation Exit Examination (GEE) (Schedule 8)

Procedure #11

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

iLeap Tests (Schedule 9)

Procedure #12

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the Schedule by Orleans Parish School Board.

Results of Procedure #12

Foundation Preparatory, Inc. administered the iLeap to 3rd grade only as it had K-3rd grade students in school year 2017-2018. No discrepancies were noted between the 3rd grade results.

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 Foundation Preparatory, Inc., as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

September 27, 2018

FOUNDATION PREPARATORY, INC.
SCHEDULE DESCRIPTIONS
NEW ORLEANS, LA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2018

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

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

Schedule 2 – Education Levels of Public School Staff

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

Schedule 3 – Number and Type of Public Schools

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

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

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

Schedule 5 – Public School Staff Data: Average Salaries

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

Schedule 6 – Class Size Characteristics

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

Schedule 7 – Louisiana Educational Assessment Program (LEAP)

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

Schedule 8 – Graduation Exit Examination (GEE)

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

Schedule 9 – iLeap Tests

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

**Foundation Preparatory, Inc.
New Orleans, LA**

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2018**

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 373,812	
Other Instructional Staff Activities	108,768	
Instructional Staff Employee Benefits	123,529	
Purchased Professional and Technical Services	91,053	
Instructional Materials and Supplies	50,477	
Instructional Equipment	<u>5,643</u>	
Total Teacher and Student Interaction Activities		\$ 753,280
Other Instructional Activities		-
Pupil Support Activities	-	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		-
Instructional Staff Services	94,028	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		<u>94,028</u>
School Administration		
Less: Equipment for School Administration	346,910	
Net School Administration	<u>-</u>	<u>346,910</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u><u>1,194,219</u></u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u><u>5,643</u></u>

**Foundation Preparatory, Inc.
New Orleans, LA**

**Education Levels of Public School Staff
As of October 1, 2017**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0%	0	0%	0	0%	0	0%
Bachelor's Degree	5	83%	7	70%	0	0%	0	0%
Master's Degree	1	17%	3	30%	0	0%	1	100%
Master's Degree + 30	0	0%	0	0%	0	0%	0	0%
Specialist in Education	0	0%	0	0%	0	0%	0	0%
Ph. D. or Ed. D.	0	0%	0	0%	0	0%	0	0%
Total	6	100%	10	100%	0	0%	1	100%

Foundation Preparatory, Inc.
New Orleans, LA

Number and Type of Public Schools
For the Year Ended June 30, 2018

Type	Number
Elementary	1
Middle/Jr. High	0
Secondary	0
Combination	0
Total	1

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

Foundation Preparatory, Inc.
New Orleans, LA

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
As of October 1, 2017

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	0	0	0	0	0	0
Principals	0	0	1	0	0	0	0	1
Classroom Teachers	9	2	4	0	0	0	1	16
Total	9	2	5	0	0	0	1	17

Foundation Preparatory, Inc.
New Orleans, LA

**Public School Staff Data: Average Salaries
For the Year Ended June 30, 2018**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	34,686	34,686
Average Classroom Teachers' Salary Excluding Extra Compensation	34,686	34,686
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	16	16

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

Foundation Preparatory, Inc.
New Orleans, LA

Class Size Characteristics
As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	8%	2	92%	23				
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

Foundation Preparatory, Inc.
New Orleans, LA

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2018

District Achievement Level Results	English Language Arts			Mathematics		
	2018	2017	2016	2018	2017	2016
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2018	2017	2016	2018	2017	2016
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2018	2017	2016	2018	2017	2016
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2018	2017	2016	2018	2017	2016
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

Foundation Prep, Inc. is an early education school offering PreK, Kindergarten, and 1st - 3rd grade courses for the 2017-2018 school year. Third grade was added in the current school year.

**Foundation Preparatory, Inc.
New Orleans, LA**

**iLEAP Tests
For the Year Ended June 30, 2018**

District Achievement Level Results	English Language Arts			Mathematics		
	2018	2017	2016	2018	2017	2016
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	13%	N/A	N/A	8%	N/A	N/A
Mastery	25%	N/A	N/A	25%	N/A	N/A
Basic	17%	N/A	N/A	46%	N/A	N/A
Approaching Basic	37%	N/A	N/A	17%	N/A	N/A
Unsatisfactory	8%	N/A	N/A	4%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2018	2017	2016	2018	2017	2016
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	0%	N/A	N/A
Mastery	N/A	N/A	N/A	8%	N/A	N/A
Basic	N/A	N/A	N/A	17%	N/A	N/A
Approaching Basic	N/A	N/A	N/A	38%	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	37%	N/A	N/A
Total	N/A	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2018	2017	2016	2018	2017	2016
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2018	2017	2016	2018	2017	2016
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

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

**Foundation Preparatory, Inc.
New Orleans, LA**

**iLEAP Tests (Continued)
For the Year Ended June 30, 2018**

District Achievement Level Results	English Language Arts			Mathematics		
	2018	2017	2016	2018	2017	2016
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2018	2017	2016	2018	2017	2016
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

Foundation Prep.Inc.is an early education school offering PreK, Kindergarden, and 1st - 3rd grade courses for the 2017-2018 school year. Third grade was added in the current school year.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Foundation Preparatory, Inc.

We have performed the procedures enumerated below, which were agreed to by the management of Foundation Preparatory, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Organization's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

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

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

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
Results: No exceptions noted as a result of applying this procedure.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
Results: No exceptions noted as a result of applying this procedure.
 - c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.
Results: No exceptions noted as a result of applying this procedure.

Bank Reconciliations

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

- 3. 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 selected each 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.

Collections

4. 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: No exceptions were noted as a result of applying these procedures.

5. 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 were noted as a result of applying these procedures.

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

Results: No exceptions were noted as a result of applying these procedures.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 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: We did note that sequentially pre-numbered receipts were used and cash deposits were made once per week but not always within one business day. No other exceptions were noted.

Management's Response: We have reviewed this independent accountant's report on applying agreed-upon procedures and agrees with the exceptions noted. We will review our policies and procedures and update accordingly to include the best practices suggested by the Louisiana Legislative Auditor.

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

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - 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.

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

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

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

11. 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.
12. 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - c) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 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).

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions were noted as a result of applying these procedures.

Payroll and Personnel

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

16. 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.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 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.
18. 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' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. 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.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 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.

Result: The School is a non-profit therefore this procedure is not applicable.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Results: The School is a non-profit therefore this procedure is not applicable.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Results: The School is a non-profit therefore this procedure is not applicable.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Results: No exceptions were noted as a result of applying these procedures.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds

Results: No exceptions were noted as a result of applying these procedures.

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 engagement 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 those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

September 27, 2018