

INTERNATIONAL SCHOOL OF LOUISIANA

FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017



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**International School of Louisiana
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June 30, 2018**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
International School of Louisiana
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of International School of Louisiana (a nonprofit organization) (the School), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School'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 School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head required under Louisiana Revised Statute 24:513A(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 audits 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, 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.

Carr, Riggs & Ingram, L.L.C.

December 27, 2018

**International School of Louisiana
Statements of Financial Position**

<i>As of June 30,</i>	<i>2018</i>	<i>2017</i>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,716,890	\$ 5,446,780
Receivables	289,361	216,514
Prepaid expenses	24,500	-
Total current assets	8,030,751	5,663,294
PROPERTY AND EQUIPMENT		
Leasehold improvements	1,589,930	1,589,930
Furniture and equipment	698,402	689,734
Vehicles	30,526	30,526
Total property and equipment	2,318,858	2,310,190
Accumulated depreciation	(2,253,590)	(1,945,129)
Total property and equipment, net	65,268	365,061
OTHER ASSETS		
Certificate of deposit	17,432	17,432
Restricted investments - endowment fund	15,613	15,613
Deposits	2,685	2,987
Total other assets	35,730	36,032
TOTAL ASSETS	\$ 8,131,749	\$ 6,064,387

(Continued)

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

**International School of Louisiana
Statements of Financial Position**

<i>As of June 30,</i>	<i>2018</i>	<i>2017</i>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 38,436	\$ 126,979
Accrued salaries and related expenses	463,727	316,921
Deferred revenue	500	10,735
Capital leases payable, current portion	10,585	115,416
Total current liabilities	513,248	570,051
LONG TERM LIABILITIES		
Capital leases payable, net of current portion	-	10,585
Total long term liabilities	-	10,585
TOTAL LIABILITIES	513,248	580,636
NET ASSETS		
Unrestricted	7,602,888	5,468,138
Permanently restricted	15,613	15,613
TOTAL NET ASSETS	7,618,501	5,483,751
TOTAL LIABILITIES AND NET ASSETS	\$ 8,131,749	\$ 6,064,387

(Concluded)

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

International School of Louisiana
Statement of Activities

For the year ended June 30,

2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND OTHER REVENUES				
Minimum Foundation Program	\$ 13,570,524	\$ -	\$ -	\$ 13,570,524
Grants				
Federal sources	1,154,775	-	-	1,154,775
State sources	65,867	-	-	65,867
Local sources	14,808	-	-	14,808
Student fees and field trips	335,808	-	-	335,808
Food services	128,639	-	-	128,639
Fundraising	11,481	-	-	11,481
Donations and contributions	17,990	-	-	17,990
Miscellaneous income	49,504	-	-	49,504
Investment gain	-	608	-	608
Net assets released from restrictions	608	(608)	-	-
Total public support and other revenues	15,350,004	-	-	15,350,004
EXPENSES				
Salaries and related expenses				
Salaries	8,111,026	-	-	8,111,026
Employee benefits	1,069,409	-	-	1,069,409
Payroll taxes	572,346	-	-	572,346
Accounting and audit	49,500	-	-	49,500
Advertising	29,253	-	-	29,253
Depreciation and amortization	308,462	-	-	308,462
Dues and fees	95,620	-	-	95,620
Equipment	44,215	-	-	44,215
Field trips	1,766	-	-	1,766
Food and related expenses	257,437	-	-	257,437
Information technology services	107,528	-	-	107,528
Insurance	192,306	-	-	192,306
Interest	3,476	-	-	3,476
Materials and supplies	414,858	-	-	414,858
Miscellaneous	91,268	-	-	91,268
Occupancy	301,774	-	-	301,774
Printing and binding	3,100	-	-	3,100
Professional services	663,270	-	-	663,270
Recruitment expense	1,392	-	-	1,392
Repairs and maintenance	780,622	-	-	780,622
Student transportation	15,750	-	-	15,750
Telephone	63,265	-	-	63,265
Travel	37,611	-	-	37,611
Total expenses	13,215,254	-	-	13,215,254
CHANGES IN NET ASSETS	2,134,750	-	-	2,134,750
NET ASSETS - Beginning of Year	5,468,138	-	15,613	5,483,751
NET ASSETS - End of Year	\$ 7,602,888	\$ -	\$ 15,613	\$ 7,618,501

The accompanying footnotes are an integral part of this financial statement.

International School of Louisiana
Statement of Activities

For the year ended June 30,

2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND OTHER REVENUES				
Minimum Foundation Program	\$ 13,646,453	\$ -	\$ -	\$ 13,646,453
Grants				
Federal sources	944,391	-	-	944,391
Local sources	26,568	-	-	26,568
Student fees and field trips	345,033	-	-	345,033
Food services	129,844	-	-	129,844
Fundraising	13,702	-	-	13,702
Donations and contributions	32,438	-	-	32,438
Miscellaneous income	115,271	-	-	115,271
Investment loss	-	1,383	-	1,383
Net assets released from restrictions	4,231	(4,231)	-	-
Total public support and other revenues	15,257,931	(2,848)	-	15,255,083
EXPENSES				
Salaries and related expenses				
Salaries	8,549,469	-	-	8,549,469
Employee benefits	1,124,373	-	-	1,124,373
Payroll taxes	621,610	-	-	621,610
Accounting and audit	36,100	-	-	36,100
Advertising	26,294	-	-	26,294
Bad debt expense	6,980	-	-	6,980
Depreciation and amortization	386,526	-	-	386,526
Dues and Fees	168,576	-	-	168,576
Equipment	42,394	-	-	42,394
Food and related expenses	282,709	-	-	282,709
Information technology services	176,228	-	-	176,228
Insurance	172,220	-	-	172,220
Interest	9,553	-	-	9,553
Materials and supplies	418,984	-	-	418,984
Miscellaneous	233,957	-	-	233,957
Occupancy	371,535	-	-	371,535
Printing and binding	15,493	-	-	15,493
Professional services	584,417	-	-	584,417
Recruitment expense	2,303	-	-	2,303
Repairs and maintenance	118,305	-	-	118,305
Seminars and training	160	-	-	160
Student transportation	249,988	-	-	249,988
Telephone	40,358	-	-	40,358
Travel	26,571	-	-	26,571
Total expenses	13,665,103	-	-	13,665,103
CHANGE IN NET ASSETS	1,592,828	(2,848)	-	1,589,980
NET ASSETS - Beginning of Year	3,875,310	2,848	15,613	3,893,771
NET ASSETS - End of Year	\$ 5,468,138	\$ -	\$ 15,613	\$ 5,483,751

The accompanying footnotes are an integral part of this financial statement.

**International School of Louisiana
Statement of Functional Expenses**

For the Year Ended June 30,

2018

	Program Expenses	Administrative Expenses	Fundraising Expenses	Total
Salaries and wages	\$ 7,217,632	\$ 798,202	\$ 95,193	\$ 8,111,027
Employee benefits	831,009	191,418	13,010	1,035,437
Payroll taxes	537,392	61,575	7,350	606,317
Accounting and audit	-	49,500	-	49,500
Advertising	1,510	100	27,643	29,253
Depreciation	308,462	-	-	308,462
Dues and fees	52,538	42,508	546	95,592
Equipment	40,948	4,744	-	45,692
Field trips	-	-	-	-
Food and related expenses	255,894	1,545	-	257,439
Information technology services	15,854	28,615	-	44,469
Insurance	175,196	17,110	-	192,306
Interest	-	-	-	-
Materials and supplies	450,589	60,279	11,518	522,386
Miscellaneous	60,350	30,756	8,073	99,179
Occupancy	395,006	1,095	-	396,101
Postage	-	-	-	-
Printing and binding	318	-	2,782	3,100
Professional services	308,236	216,821	385	525,442
Recruitment expense	-	-	-	-
Repairs and maintenance	780,966	79	-	781,045
Seminars and training	-	-	-	-
Student transportation	16,275	(525)	-	15,750
Telephone	49,819	12,608	838	63,265
Travel	19,509	13,776	207	33,492
	\$ 11,517,503	\$ 1,530,206	\$ 167,545	\$ 13,215,254

The accompanying footnotes are an integral part of this financial statement.

International School of Louisiana
Statement of Functional Expenses

For the Year Ended June 30,

2017

	Program Expenses	Administrative Expenses	Fundraising Expenses	Total
Salaries and wages	\$ 7,621,304	\$ 826,028	\$ 102,137	\$ 8,549,469
Employee benefits	1,001,765	115,794	6,814	1,124,373
Payroll taxes	540,956	73,083	7,571	621,610
Accounting and audit	-	36,100	-	36,100
Advertising	837	2,258	23,199	26,294
Bad debt expense	6,980	-	-	6,980
Depreciation	386,526	-	-	386,526
Dues and fees	128,732	39,471	373	168,576
Equipment	38,274	4,120	-	42,394
Food and related expenses	282,709	-	-	282,709
Information technology services	176,228	-	-	176,228
Insurance	130,581	41,639	-	172,220
Interest	9,553	-	-	9,553
Materials and supplies	403,401	13,449	2,134	418,984
Miscellaneous	183,655	21,472	28,830	233,957
Occupancy	371,535	-	-	371,535
Printing and binding	14,975	305	213	15,493
Professional services	365,237	219,029	151	584,417
Recruitment expense	2,303	-	-	2,303
Repairs and maintenance	112,060	6,245	-	118,305
Seminars and training	160	-	-	160
Student transportation	249,988	-	-	249,988
Telephone	39,075	1,283	-	40,358
Travel	13,949	11,911	711	26,571
	\$ 12,080,783	\$ 1,412,187	\$ 172,133	\$ 13,665,103

The accompanying footnotes are an integral part of this financial statement.

International School of Louisiana
Statements of Cash Flows

<i>For the years ended June 30,</i>	<i>2018</i>	<i>2017</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 2,134,750	\$ 1,589,980
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	308,462	386,526
Loss on disposals of property and equipment	-	61,964
Changes in operating assets and liabilities:		
Receivables	(72,847)	(37,046)
Prepaid expenses	(24,500)	3,000
Accounts payable	(88,543)	87,406
Accrued salaries and related expenses	146,806	(175,027)
Deferred revenue	(10,235)	(55,223)
Net cash provided by operating activities	2,394,195	1,861,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(8,669)	(11,205)
Changes in restricted cash and investments	-	2,848
Net cash used in investing activities	(8,669)	(8,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	-	(12,021)
Principal payments on capital leases	(115,416)	(110,895)
Net cash used in financing activities	(115,416)	(122,916)
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,270,110	1,730,307
CASH AND CASH EQUIVALENTS - Beginning of Year	5,446,780	3,716,473
CASH AND CASH EQUIVALENTS - End of Year	\$ 7,716,890	\$ 5,446,780
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid for interest	\$ 3,476	\$ 9,553

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

International School of Louisiana (the School) was incorporated on December 31, 1999. The School operates schools in Orleans Parish and Jefferson Parish. It is the first multi-language immersion school chartered by the State of Louisiana. From their first day of school, students are taught core academic subjects in either French or Spanish. At the School, children learn a second language naturally, through everyday conversation and classroom instruction.

The State Board of Elementary and Secondary Education (BESE) approved two charters to the School effective March 20, 2000 to operate Type 2 Charter Schools, as defined in LA- R.S. 17:3991 for the Orleans Parish Schools. These charters expire in June 2025. As of July 1, 2017, the charters were amended to add the Dixon Campus.

The Bunche Campus, located in Jefferson Parish, was approved to operate as a Type 1 Charter School, effective through June 2017. As of July 1, 2017 this Type 1 Charter was not renewed.

Basis of Accounting

The financial statements of the School have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Income Taxes

The School is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The School believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to financial statements.

Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic 958, *Not-For-Profit Entities*. The School has classified its net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets and changes therein are classified and reported as follows:

- Unrestricted - Support, revenues, and expenses for the general operation of the School.
- Temporarily Restricted - Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period.
- Permanently Restricted - Contributions subject to donor-imposed restrictions which are to be held in perpetuity by the School. Generally, the donors of these assets permit the School to use all or part of the income derived from the investment of these contributions.

Fair Value Measurements

Accounting Standard Codification (ASC) *Fair Value Measurements* establishes a framework for measuring fair value in accordance with Generally Accepted Accounting Principles (GAAP) and disclosures about the fair value measurements. The valuation hierarchy is based upon the reliability of inputs to the valuation of an asset or liability on the measurement date. The three levels of the fair value hierarchy are described below:

- LEVEL 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- LEVEL 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- LEVEL 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash, which is held in interest bearing accounts, consisted of unrestricted and temporarily restricted balances. Unrestricted cash balances represent cash available for general operating purposes.

For the purpose of the statements of cash flows, the School considers all highly liquid investments available for current use and is unrestricted with a maturity of three months or less to be cash equivalents.

The School maintains its cash balances in a single financial institution located in New Orleans, Louisiana. These balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2018 and 2017, the uninsured portion of this balance was \$7,461,861 and \$5,322,993. The School has not experienced any losses in such accounts and Management does not believe the School is exposed to significant risk.

Receivables

Receivables consisted of the unpaid balance as of year-end for State and Federal awards and student receivables. Grants are billed to the awarding agency based on expenses incurred on a reimbursement basis. Student receivables consisted of childcare, enrichment, and supply fees. Receivables are stated at the amount management expects to collect from outstanding balances. There was no allowance for doubtful accounts as of June 30, 2018 and 2017.

Property and Equipment

Additions to property and equipment are capitalized in accordance with the Louisiana Accounting and Uniform Governmental Handbook, which requires the School to capitalize equipment purchases with a cost greater than \$5,000 and a useful life greater than one year.

Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset as follows:

Leasehold improvements	life of lease or 5 years, whichever is lessor
Furniture and equipment	5 - 10 years
Vehicles	5 years

Depreciation expense was \$308,462 and \$386,526 for the years ended June 30, 2018 and 2017, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The School reviews long-lived assets, consisting of property and equipment and cost in excess of net income acquired, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. The School determines recoverability of the assets by comparing the carrying value of the asset to net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded during 2018 or 2017.

Contributions

In accordance with the Financial Accounting Standards Board, contributions received are recorded as unrestricted or restricted support, depending on the existence and/or nature of any donor restrictions. As of June 30, 2018 and 2017, the School did not receive any contributions with donor-imposed restrictions that resulted in temporarily or permanently restricted net assets.

Revenue Recognition

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the School, or when earned under the terms of the grants.

In-Kind Support

The School records the in-kind value of goods and services contributed to support various activities as support and related expenses. For the years ended June 30, 2018 and 2017, the School did not receive in-kind goods or services that were significant in amount.

Concentrations

The School received 88.8% and 89.4% of its revenues for the years ended June 30, 2018 and 2017, respectively, from the State of Louisiana, subject to its Charter School Contract with the State. The School also received 8.4% and 7.0% of its funding from federal sources passed through the State for the years ended June 30, 2018 and 2017, respectively.

Deferred Revenue

Deferred revenue includes amounts for unearned student supply and enrichment fees. Such fees are recognized as revenue when the fees are earned by the School. For the years ended June 30, 2018 and 2017, deferred revenues totaled \$500 and \$10,735, respectively.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The School expenses all advertising costs as incurred that are not direct-response. For the years ended June 30, 2018 and 2017, the School incurred and expensed advertising costs of \$29,253 and \$26,294, respectively. There was no direct-response advertising done for the years ended June 30, 2018 and 2017.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions.

Compensated Absences

The School's policy states that compensated absences (personal time-off and paid time-off) is not paid upon termination, therefore, it is not accrued at year-end.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2017 presentation. Such reclassifications had no effect on net income as previously reported.

Recent Financial Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Under this ASU, net assets will be presented in two classes: net assets with donor restrictions and net assets without donor restrictions. Underwater endowments will be included in net assets with donor restrictions and new or enhanced disclosures regarding the composition of net assets will be required. Disclosures regarding liquidity and availability of resources for general operating expenditures within one year of the date of the statement of financial position must also be presented. The ASU requires expenses to be presented by both nature and function, and return will be presented net of investment expenses. Absent specific donor stipulations, the School will use the placed-in-service approach for reporting expirations of restrictions on long-lived assets. The ASU is effective for fiscal periods ending June 30, 2019, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the School's financial statements. The School has not elected to early adopt this standard.

NOTE 2 – RESTRICTED INVESTMENTS

The School established an endowment fund resulting from an agreement with The Richard West Freeman Foundation. The initial contribution of \$15,613 is permanently restricted and any earnings, net of expenses, will be temporarily restricted for further repairs. As of June 30, 2018 and 2017, there was no temporarily restricted cash.

NOTE 3 – INVESTMENTS

As of June 30, 2018 and 2017, the School had investments as follows:

	2018	2017
Mutual funds - endowment fund	\$ 15,613	\$ 15,613
Total Investments	\$ 15,613	\$ 15,613

Investment income consisted of the following for the years ended June 30, 2018 and 2017:

	2018	2017
Mutual funds - endowment fund		
Interest and dividends	\$ 1,569	\$ 130
Realized and unrealized (loss)/gain	(961)	1,253
Total return on investments	\$ 608	\$ 1,383

NOTE 4 – FAIR VALUE MEASUREMENTS

Below represents the School's investment assets at fair value by level of the fair value hierarchy:

June 30, 2018

Description	Total Assets Measured At Fair Value	Quoted Prices In Active Markets (level 1)	Other Observable Inputs (level 2)	Unobservable Inputs (level 3)
Endowment fund	\$ 15,613	\$ 15,613	\$ -	\$ -
Total	\$ 15,613	\$ 15,613	\$ -	\$ -

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

June 30, 2017

Description	Total Assets Measured At Fair Value	Quoted Prices In Active Markets (level 1)	Other Observable Inputs (level 2)	Unobservable Inputs (level 3)
Endowment fund	\$ 15,613	\$ 15,613	\$ -	\$ -
	<u>\$ 15,613</u>	<u>\$ 15,613</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 – RETIREMENT PLAN

The School offers a defined contribution plan covering all employees upon the completion of 30 days of service with the School. Funding of the plan is derived from two sources. The School contributes 6% of all covered employees' salaries annually. The employees also have the option to contribute up to the maximum as permitted under section 403(b) of the Internal Revenue Code to the plan through a payroll deduction at no expense to the School. Retirement expense was \$368,271 and \$377,762 for the years ended June 30, 2018 and 2017, respectively.

NOTE 6 – CAPITAL LEASES

During 2013, the School acquired modular buildings totaling \$246,725 under the provisions of a five year capital lease agreement. During 2014, the School acquired modular buildings totaling \$288,805 under a five year capital lease. Amortization of these capital leases included in depreciation expense amounted to \$115,416 and \$110,896 for the years ended June 30, 2018 and 2017, respectively. Future principal payments under these leases are as follows:

For the year ending June 30,	Amount
2019	<u>\$ 10,585</u>
Total capital lease payment	10,585
Less: current portion	<u>(10,585)</u>
Total capital lease payable, net of current portion	<u>\$ -</u>

NOTE 7 – NOTES PAYABLE

The school paid all long-term debts as of June 30, 2017. No new debt was entered into during the year ended June 30, 2018.

NOTE 8 – LINES OF CREDIT

The School has a \$500,000 line of credit with a financial institution that is secured by the cash of the School. The line of credit bears interest at 3.00% per annum and matured on October 1, 2016. The line of credit was subsequently renewed until October 1, 2017. There was no outstanding balance on the line of credit as of June 30, 2017. The line of credit was not renewed on October 1, 2017.

The School has a \$350,000 line of credit with a financial institution that is unsecured. The line of credit bears interest at 4.25% per annum and matured on April 8, 2017. The line of credit was not renewed on April 8, 2017. There was no outstanding balance on the line of credit as of June 30, 2017.

NOTE 9 – MINIMUM FOUNDATION PROGRAM GRANTS

The Minimum Foundation Program formula adopted by the State Board of Elementary and Secondary Education (SBESE) and approved by the State Legislature determines the cost of a minimum foundation program of education in all public elementary and secondary schools and helps to allocate the funds equitably to parish, city and other local school systems. Funding through the Minimum Foundation Program is essentially in the form of a block grant from the State to the local school systems. Revenues received by the State are from sales tax revenues, ad valorem taxes, and other sources which are allocated to each school based on its enrollment and other student characteristics. The School averaged 1,376 and 1,392 students enrolled for the school year and recognized revenue under this grant of \$13,636,391 and \$13,646,453 for the years ended June 30, 2018 and 2017, respectively.

NOTE 10 – SCHOOL OPERATIONS/LEASEHOLD INTEREST

The School has a lease agreement with the Recovery School District for the use of facilities and its contents at its Uptown location, 1400 Camp Street, New Orleans, Louisiana for the years ended June 30, 2018 and 2017. The term of this lease coincides with the approved charter which expires on June 30, 2025.

For the years ended June 30, 2018 and 2017, the School has a lease agreement that expired in June 2017 for its Algiers campus located in New Orleans, Louisiana. The School is responsible for all repairs, maintenance and utilities for occupancy. This lease was renewed as of July 1, 2017 and expires on June 30, 2026.

NOTE 10 – SCHOOL OPERATIONS/LEASEHOLD INTEREST(CONTINUED)

The minimum lease payments for the Algiers campus are as follows for the years ending June 30,

2019	\$	120,340
2020		120,340
2021		120,340
2022		131,280
2023		131,280
Thereafter		393,840
Total	\$	1,017,420

The School is responsible for all necessary maintenance to ensure that all facilities comply with all state and local health and safety standards and other applicable laws, regulations and rules. There is no stated rent paid for the use of these properties nor is use of the properties recorded as an in-kind contribution and related rent expense since the value of the use of the land and buildings is not readily determinable. The agreements are classified as exchange transactions because all parties receive significant value from these arrangements. Accordingly, the present value of the benefit to be received in future years has not been recorded.

On July 1, 2017 the School entered into a lease agreement with the Orleans Parish School Board (OPSB) for the use of facilities and its contents at its Dixon location, 4040 Eagle Street, New Orleans, Louisiana. This lease expires on June 30, 2021. The School agrees to pay OPBS a Use Fee and participate in OPSB's Per Pupil Unit Cost Program (Unit Cost Program). The Use Fee shall be the per pupil share of the actual costs of the property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Unit Cost Program, including any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship.

For the year ended June 30, 2018, the School paid annual usage fees to the OPSB of \$100,274. The School Board can increase this fee prior to the next fiscal year based on the actual cost of flood and property insurance they are able to obtain.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 27, 2018, and determined that no events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion of these financial statements.

Supplementary Information

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
International School of Louisiana
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of International School of Louisiana (a nonprofit organization) (the School), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 27, 2018.

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 School'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 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.

Carly Riggs & Ingram, L.L.C.

December 27, 2018



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

Board of Directors
International School of Louisiana
New Orleans, Louisiana

Report on Compliance for The Major Federal Program

We have audited International School of Louisiana's (a nonprofit organization) (the School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2018. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on The Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

December 27, 2018

**International School of Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures</i>	<i>Amount Passed through to subrecipient</i>	<i>Total Federal Expenditures</i>
<i>Other Programs</i>					
United States Department of Education/Direct Program/Special Education Cluster					
Special Education Grants to States	84.027A	H027A130033	\$ 159,927		\$ 159,927
United States Department of Education/Direct Programs					
Title II Grants to Local Educational Agencies	84.367A	S367A130017	14,286		14,286
Title I Grants to Local Educational Agencies	84.010A	S010A130018	491,193		491,193
<i>Total Department of Education</i>			665,406		665,406
United States Department of Agriculture/Direct Program/Child Nutrition Cluster					
National School Lunch Program	10.555	5F9270	489,369		489,369
<i>Total United States Department of Agriculture</i>			489,369		489,369
<i>Total Expenditures of Federal Awards</i>			\$ 1,154,775		\$ 1,154,775

See independent auditors' report



International School of Louisiana
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the revenues from federal awards of the School as defined in Note 1 to the School's basic financial statements. All federal awards were received directly from Federal agencies.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The School elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the School's basic financial statements as program revenues.

NOTE 4 – LOAN

The School did not expend federal awards related to loans or loan guarantees during the year.

NOTE 5 – FEDERALLY FUNDED INSURANCE

The School has no federally funded insurance.

NOTE 6 – NONCASH ASSISTANCE

The School did not receive any federal noncash assistance for the fiscal year ended June 30, 2018.

**International School of Louisiana
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018**

I – SUMMARY OF AUDITORS’ RESULTS

1. The auditors’ report expresses an unmodified opinion on the financial statements of International School of Louisiana.
2. No instances of noncompliance material to the financial statements of the School, which would be required to be disclosed under *Government Auditing Standards*, were disclosed and identified during the audit.
3. No significant deficiencies relating to the audit of the major federal award programs is reported in the *Independent Auditors’ Report on Compliance for The Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
4. The *Independent Auditors’ Report on Compliance for The Major Program and on Internal Control Over Compliance Required by the Uniform Guidance* expresses an unmodified opinion on the major federal program.
5. There were no findings that are required to be reported in accordance with Uniform Guidance.
6. A management letter was not issued for the year ended June 30, 2018.
7. The program tested as major program for the year ended June 30, 2018 was:

<u>Program Title</u>	<u>CFDA No.</u>
National School Lunch Program	10.555
8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. The School qualifies as a low-risk auditee.

II – FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE

None noted.

III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None noted.

IV – MANAGEMENT LETTER

None issued.



**International School of Louisiana
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2018**

II – FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE

None noted.

III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None noted.

IV – MANAGEMENT LETTER

None issued.

International School of Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head

For the year ended June 30,

2018

Agency Head Name: Melanie Tennyson, Head of School

PURPOSE	AMOUNT
Salary	\$ 156,000
Benefits-health insurance	3,142
Benefits-retirement	8,760
Deferred compensation	-
Workers comp	-
Benefits-life insurance	859
Benefits-long term disability	-
Benefits-Fica and Medicare	9,505
Car allowance	-
Vehicle provided by government	-
Cell phone	627
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	980
Unvouchered expenses	-
Meetings and conventions	-
Other	-
	\$ 179,873

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the International School of Louisiana, the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the International School of Louisiana (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, 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 (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. 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 random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

Results: No exceptions were found as a result of applying the procedures.

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 random sample of 10 classes to the October 1, 2017 roll books for those classes and determined that the class was properly classified on the schedule.

Results: No exceptions were found as a result of applying the procedures.

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.

Results: No exceptions were found as a result of applying the procedures.

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).

Results: No exceptions were found as a result of applying the 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 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.I, 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.

Carly Riggs & Ingram, L.L.C.

December 27, 2018

International School of Louisiana
Schedule 1 - General Fund Instructional and Support
Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2018

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 4,112,721	
Other instructional staff activities	1,001,612	
Instructional Staff Employee benefits	966,530	
Purchased professional and technical services	116,629	
Instructional materials and supplies	186,422	
Less instructional equipment	-	
Total teacher and student interaction activities	-	\$ 6,383,914

Other instructional activities -

Pupil support activities	\$ 591,625	
Less equipment for pupil support activities	-	
Net pupil support activities	-	591,625

Instructional Staff Services	\$ 119,306	
Less equipment for instructional staff services	-	
Net instructional staff services	-	119,306

School Administration	\$ 2,724,585	
Less: Equipment for School Administration	-	
Net School Administration	-	2,724,585

Total general fund instructional expenditures \$ 9,819,430

Total general fund equipment expenditures \$ -

*Remainder of the BESE Schedule I does not apply to the School.

**International School of Louisiana
Schedule 2 - Class Size Characteristics
For the Year Ended June 30, 2018**

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	32%	169	47%	248	6%	29	0%	1
Elementary Activity Classes	5%	25	9%	48	1%	5	0%	-
Middle/Jr. High	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	0%	-	0%	-	0%	-	0%	-
High Activity Classes	0%	-	0%	-	0%	-	0%	-
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

Note: The Board of Elementary and Secondary Education (BESE) has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades 4-12 is 33 students. This 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 limits.

INTERNATIONAL SCHOOL OF LOUISIANA

AGREED-UPON PROCEDURES REPORT

For the Fiscal Period July 1, 2017 Thru June 30, 2018



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
International School of Louisiana
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the International School of Louisiana (the School) 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 School's management is responsible for those C/C areas identified in the SAUPs.

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*. 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 required procedures and our associated results are as follows:

Bank Reconciliations

1. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Select the entity's main operating account and select 4 additional accounts. Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Results: No exceptions were found as a result of applying the procedure.

a) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Results: No exceptions were found as a result of applying the procedure.

b) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks had reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Results: No exceptions were found as a result of applying the procedure.

c) Management had documentation reflecting that it had researched reconciling items that had been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions were found as a result of applying the procedure.

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

2. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Select all locations as there were five locations or less.

Results: No exceptions were found as a result of applying the procedure.

3. For each location selected under #2 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.

Results: CRI observed that Melissa Boudreaux is the only person who initiates purchase orders for the food program, but she is also the only person who approves these orders.

b) At least two employees are involved in processing and approving payments to vendors.

Results: No exceptions were found as a result of applying the procedure.

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.

Results: No exceptions were found as a result of applying the procedure.

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 were found as a result of applying the procedure.

4. For each location selected under #2 above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

Results: No exceptions were found as a result of applying the procedure.

a) Observe that the disbursement matched the related original invoice/billing statement.

Results: No exceptions were found as a result of applying the procedure.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #3, as applicable.

Results: CRI observed that Melissa Boudreaux is the only person who initiates purchase orders for the food program, but she is also the only person who approves these orders.

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

5. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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: No exceptions were found as a result of applying the procedure.

6. Using the listing prepared by management, randomly select 5 cards that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card and 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.

Results: No exceptions were found as a result of applying the procedure.

b) Observe that finance charges and late fees were not assessed on the selected statements.

Results: CRI observed that ISL did incur late fees of \$39.99 on the 12/17 statement for their SAM's Credit Card

7. Using the monthly statements or combined statements selected under #5 above, excluding fuel cards, randomly selected 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).

Results: No exceptions were found as a result of applying the procedure.

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

8. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing 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:

Results: No exceptions were found as a result of applying the procedure.

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).

Results: No exceptions were found as a result of applying the procedure.

b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Results: No exceptions were found as a result of applying the procedure.

c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observed that the documentation includes the names of those individuals participating) and other documentation required by written policy.

Results: No exceptions were found as a result of applying the procedure.

d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: No exceptions were found as a result of applying the procedure.

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.

Caru, Riggs & Ingram, L.L.C.

December 27, 2018



INTERNATIONAL
SCHOOL OF LOUISIANA

December 27, 2018

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures
International School of Louisiana

Dear Sirs:

International School of Louisiana will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,

A handwritten signature in blue ink that reads "Melanie Tennyson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Melanie Tennyson
Head of School