

**WARREN EASTON SENIOR HIGH
SCHOOL FOUNDATION, INC.**

FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017



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WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
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JUNE 30, 2018

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Report



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Warren Easton Senior High School Foundation, Inc.
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Warren Easton Senior High School Foundation, Inc. (the School) (a nonprofit organization), 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 the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 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.

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

October 23, 2018



Financial Statements

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION

<i>As of June 30,</i>	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,486,876	\$ 12,065,163
Cash restricted for student activities	231,613	158,147
Grants receivable	370,136	1,129,924
Accounts receivable	-	4,527
Inventory	5,017	5,017
Prepaid expenses	184,384	126,602
Total current assets	13,278,026	13,489,380
PROPERTY AND EQUIPMENT, net	847,142	752,983
TOTAL ASSETS	\$ 14,125,168	\$ 14,242,363
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 280,174	\$ 89,380
Accrued expenses	714,110	287,994
Deferred revenue	17,189	32,265
Total current liabilities	1,011,473	409,639
TOTAL LIABILITIES	1,011,473	409,639
NET ASSETS		
Unrestricted		
Undesignated	11,133,524	11,944,883
Board designated	1,619,737	1,619,737
Total unrestricted net assets	12,753,261	13,564,620
Temporarily restricted	360,434	268,104
TOTAL NET ASSETS	13,113,695	13,832,724
TOTAL LIABILITIES AND NET ASSETS	\$ 14,125,168	\$ 14,242,363

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

**WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
STATEMENT OF ACTIVITIES**

<i>For the Year Ended June 30, 2018</i>	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 67,032	\$ 243,560	\$ 310,592
Grants			
Federal	621,157	-	621,157
State	11,753	-	11,753
Other	135,866	-	135,866
Local Minimum Foundation Program	5,295,584	-	5,295,584
State Minimum Foundation Program	4,092,326	-	4,092,326
Student activity fees	615,777	273,929	889,706
Interest income	100,762	-	100,762
Other revenues	172,793	-	172,793
Net assets released from restrictions	425,159	(425,159)	-
Total revenues and other support	11,538,209	92,330	11,630,539
EXPENSES			
Program	10,526,885	-	10,526,885
Management and general	1,604,824	-	1,604,824
Fundraising	217,859	-	217,859
Total expenses	12,349,568	-	12,349,568
CHANGES IN NET ASSETS	(811,359)	92,330	(719,029)
NET ASSETS - Beginning of year	13,564,620	268,104	13,832,724
NET ASSETS - End of year	\$ 12,753,261	\$ 360,434	\$ 13,113,695

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

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
STATEMENT OF ACTIVITIES

<i>For the Year Ended June 30, 2017</i>	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 72,606	\$ 535,937	\$ 608,543
Grants			
Federal	1,045,303	-	1,045,303
State	15,760	-	15,760
Other	72,635	-	72,635
Local Minimum Foundation Program	5,295,584	-	5,295,584
State Minimum Foundation Program	4,350,063	-	4,350,063
Student activity fees	423,557	260,891	684,448
Interest income	33,052	-	33,052
Other revenues	35,948	-	35,948
Net assets released from restrictions	757,252	(757,252)	-
Total revenues and other support	12,101,760	39,576	12,141,336
EXPENSES			
Program	9,646,318	-	9,646,318
Management and general	1,488,880	-	1,488,880
Fundraising	230,446	-	230,446
Total expenses	11,365,644	-	11,365,644
CHANGES IN NET ASSETS	736,116	39,576	775,692
NET ASSETS - Beginning of year	12,828,504	228,528	13,057,032
NET ASSETS - End of year	\$ 13,564,620	\$ 268,104	\$ 13,832,724

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

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

<i>For the year ended June 30, 2018</i>	Program Services	Management & General	Fund- Raising	Totals
Salaries	\$ 4,731,909	\$ 563,129	\$ 110,591	\$ 5,405,629
Employee benefits	1,839,201	218,878	42,984	2,101,063
2% admin fee	165,208	18,357	-	183,565
Depreciation	-	63,604	-	63,604
Donations	-	-	11,224	11,224
Equipment rental	-	18,942	-	18,942
Food services	13,351	1,484	-	14,835
Insurance	-	83,177	-	83,177
Other expenses	6,255	94,867	3,128	104,250
Foundation scholarships	-	174,450	-	174,450
Other services	-	46,934	-	46,934
Professional services	197,260	197,260	-	394,520
Repairs and maintenance	328,362	17,282	-	345,644
Shared services	407,576	45,286	-	452,862
Student activity	831,758	-	-	831,758
Supplies:				
Instructional	121,422	10,793	2,698	134,913
Other	530,077	11,779	47,118	588,974
Transportation	1,029,863	-	-	1,029,863
Travel	21,462	25,195	-	46,657
Usage fee	89,022	9,891	-	98,913
Printing	232	3,516	116	3,864
Utilities	213,927	-	-	213,927
Total expenses	\$ 10,526,885	\$ 1,604,824	\$ 217,859	\$ 12,349,568

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

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

<i>For the year ended June 30, 2017</i>	Program Services	Management & General	Fund- Raising	Totals
Salaries	\$ 4,569,169	\$ 543,763	\$ 106,787	\$ 5,219,718
Employee benefits	1,741,874	207,295	40,710	1,989,879
2% admin fee	168,655	18,739	-	187,394
Depreciation	-	40,002	-	40,002
Donations	-	-	42,022	42,022
Equipment rental	-	15,971	-	15,971
Food services	13,595	1,511	-	15,106
Insurance	-	124,720	-	124,720
Other expenses	11,895	36,602	1,500	49,997
Foundation scholarships	-	148,250	-	148,250
Other services	-	55,260	-	55,260
Professional services	204,091	204,090	-	408,182
Repairs and maintenance	306,453	16,129	-	322,582
Shared services	107,249	11,917	-	119,166
Student activity	710,629	-	-	710,629
Supplies:				
Instructional	135,947	12,084	3,021	151,052
Other	409,569	9,102	36,406	455,077
Transportation	933,486	-	-	933,486
Travel	28,583	33,554	-	62,137
Usage fee	89,022	9,891	-	98,913
Utilities	216,101	-	-	216,101
Total expenses	\$ 9,646,318	\$ 1,488,880	\$ 230,446	\$ 11,365,644

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

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
STATEMENTS OF CASH FLOWS

<i>For the Years Ended June 30,</i>	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (719,029)	\$ 775,692
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	63,604	40,002
Changes in operating assets and liabilities:		
Cash restricted for student activities	(73,466)	(1,029)
Grants receivable	759,788	(677,891)
Accounts receivable	4,527	(1,913)
Prepaid expenses	(57,782)	(121,722)
Accounts payable	190,794	(97,082)
Accrued expenses	426,116	-
Deferred revenue	(15,076)	(56,341)
Net cash provided by (used in) operating activities	579,476	(140,284)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(157,763)	(39,990)
Net cash used in investing activities	(157,763)	(39,990)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	421,713	(180,274)
CASH AND CASH EQUIVALENTS - Beginning of year	12,065,163	12,245,437
CASH AND CASH EQUIVALENTS - End of year	\$ 12,486,876	\$ 12,065,163

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



**WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Warren Easton Senior High School Foundation, Inc. d/b/a Warren Easton Senior High School (the School), incorporated on March 21, 2006, is an educational institution organized to improve student learning, increase learning opportunities for all students, encourage the use of innovative teaching methods and a variety of governance, management, and administrative structures, be more thoroughly accountable for educational results, and create new professional opportunities for teachers and other employees.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The School follows the provisions of Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification 958 (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and classification of resources into three separate categories of net assets, as follows:

Unrestricted Net Assets – Net assets not subject to donor-imposed restrictions. A portion of unrestricted net assets are designated amounts set aside by the board of directors.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restrictions that will be met by the actions of the School or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed restrictions that are required to be maintained permanently by the School. Generally, the donors of these assets stipulate that the income earned on related investments should be used for specific purposes. For the years ended June 30, 2018 and 2017, there were no permanently restricted net assets.

Use of Estimates

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



WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash, which is held in interest bearing accounts, consisted of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from amounts received from individuals or entities who stated specific use of the contribution.

The School classifies all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Grants and Accounts Receivable

The grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management believes that all receivables are collectible. As such, the financial statements do not include an estimate for allowance for doubtful accounts.

Inventory

Inventory consisted of items that are sold at the School's store, The Eagles' Nest. Items sold at the store include sweaters, T-shirts, socks, school supplies, etc. Inventory is valued at cost under the FIFO (First In First Out) method of accounting.

Property and Equipment

Property and equipment is capitalized at cost and updated for additions and retirements during the year. Donated property and equipment is recorded at fair market value as of the date received. Improvements over \$5,000 that have a useful life greater than one year are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment is depreciated using the straight-line method over the assets' estimated useful life (7-40 years for leasehold improvements and 3-6 years for equipment).

Contributions and Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is recognized as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions whose restrictions are met in the same reporting period are reported as unrestricted support.



WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Revenue Recognition (Continued)

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. There was no in-kind support that met the recognition criteria under FASB ASC 958, as such, there was no in-kind support recorded for the years ended June 30, 2018 and 2017.

Income Taxes

The School has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to federal or state income tax unless the School has unrelated trade or business income. Management believes there are no uncertain tax positions or unrelated trade or business income included in the financial statements.

Fundraising Expenses

All expenses associated with fundraising activities are expensed as incurred, including those expenses related to fundraising appeals that would benefit a subsequent year.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, based on actual amounts or management's best estimate.



WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 investment 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.

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230). The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. GAAP currently does not include specific guidance on the cash flow classification and presentation of changes in restricted cash or restricted cash equivalents other than limited guidance for not-for-profit entities. Specifically, there is no guidance to address how to classify and present changes in restricted cash or restricted cash equivalents that occur when there are transfers between cash, cash equivalents, and restricted cash or restricted cash equivalents and when there are direct cash receipts into restricted cash or restricted cash equivalents or direct cash payments made from restricted cash or restricted cash equivalents. The amendments in this Update are an improvement to GAAP because they provide guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows, thereby reducing the diversity in practice described above. The ASU is effective for fiscal year-ending June 30, 2020, 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.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 – RESTRICTION ON ASSETS

Board designated unrestricted net assets were designated by resolution of the Board in 2008 in the amount of \$2,500,000. The Board uses these funds to cover facilities costs as the Board determines appropriate. There were no covered facilities costs in the years ended June 30, 2018 and 2017.

Temporarily restricted net assets are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made or when time restriction is met.

Temporarily restricted net assets at June 30, 2018 and 2017 were for the following purposes:

	2018	2017
Student activities funds	\$ 202,959	\$ 163,235
Wellness	30,221	30,221
Academic enhancements	30,000	30,000
Hall of Fame scholarships	5,113	2,761
Library books and other	32,141	41,887
Friends of Warren Easton	25,000	-
Prima	15,000	-
Shutterfly	20,000	-
Total temporarily restricted net assets	\$ 360,434	\$ 268,104

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

The School maintains cash deposits in several accounts at one financial institution. These accounts, except for the sweep account, are insured by the Federal Deposit Insurance Commission (FDIC) up to \$250,000. At June 30, 2018 and 2017, the School had cash balances, excluding the sweep account, in excess of the FDIC insured limit totaling \$10,480,960 and \$8,217,899, respectively. The sweep account, which had a cash balance of \$2,495,202 and \$4,080,823 at June 30, 2018 and 2017, respectively, consisted of a Federated Investors Government Obligations Money Market Fund that is not FDIC insured. The fund is completely invested in U.S. government obligations with short-term maturities, which do not require collateralization. The School believes that maintaining cash in this account reduces credit risk that would result from cash otherwise being maintained in accounts with balances exceeding FDIC insured limit.

For the years ended June 30, 2018 and 2017, the School received approximately 35% and 36%, respectively, of its total revenue from State public school funds, and approximately 46% and 44%, respectively, of its total revenue from Local sources. As of the years ended June 30, 2018 and 2017, the School had 100% of its receivables from State sources.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2018	2017
Leasehold improvements	\$ 944,346	\$ 913,346
Construction in progress	40,110	-
Equipment	1,632,744	1,546,091
Total	2,617,200	2,459,437
Accumulated depreciation	(1,770,058)	(1,706,454)
Total property and equipment, net	\$ 847,142	\$ 752,983

Depreciation expense for the years ended June 30, 2018 and 2017 totaled \$63,604 and \$40,002, respectively.

NOTE 5 – ACCOUNTS RECEIVABLE

There were no outstanding accounts receivable as of June 30, 2018. Accounts receivable consisted of \$4,527 for miscellaneous accounts receivable as of June 30, 2017.

NOTE 6 – RETIREMENT PLAN

Substantially all employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – RETIREMENT PLAN (CONTINUED)

Participants are required to contribute 8% of the annual covered payroll to the plan. For the years ended June 30, 2018 and 2017, the School is required to contribute 25.5% and 25.5%, respectively, each year of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee.

For the years ended June 30, 2018 and 2017, the School contributions to the plan totaled \$1,330,493 and \$1,226,224, respectively, and are included in employee benefits on the statements of functional expenses.

NOTE 7 – GRANTS RECEIVABLE

Grants receivable were comprised of the following amounts as of June 30, 2018 and 2017:

	2018	2017
Louisiana Department of Education		
Title I	\$ 270,776	\$ 843,325
Title II	29,588	126,239
Title IV	7,150	-
Idea B	-	84,486
Educational Excellent	15,797	15,760
Career Development Funds	11,753	-
Carl Perkins	35,072	60,114
Total grants receivable	\$ 370,136	\$ 1,129,924

NOTE 8 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2018 and 2017, the School had related party expenses totaling \$750,175 and \$420,579, respectively, with Orleans Parish School Board, the School's Local Educational Agency (LEA). Shared services, which are the IT services provided by the LEA, account for \$96,694 and \$119,166 of the related party expenses, for the years ended June 30, 2018 and 2017, respectively. As of June 30, 2018 and 2017, the School had accrued expense of \$260,691 and \$260,691 payable to the LEA related to the IT services provided during the years ended June 30, 2018 and 2017. The School paid additional LEA fees of \$356,168 for OPSB to remain with the LEA for the year ended June 30, 2018. As of June 30, 2018, the School had accrued expense of \$356,168 payable to the LEA for these additional LEA fees.

The Louisiana Legislature approved a 2% administrative fee to be paid by all charter schools to Orleans Parish School Board. For the years ended June 30, 2018 and 2017, the School paid \$183,565 and \$187,394, respectively, in administrative fees to Orleans Parish School Board.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – RELATED PARTY TRANSACTIONS (CONTINUED)

The LEA charges the School for property and flood insurance costs through annual usage fees, as further described in Note 9. For the years ended June 30, 2018 and 2017, the School paid annual usage fees to the OPSB of \$98,913 and \$98,913, respectively. As of June 30, 2018, the School had accrued expense of \$98,913 payable to the LEA for these annual usage fees. The remaining expenses for 2018 and 2017 of \$14,835 and \$15,106, respectively, are for the food services provided by the LEA for meals at the School.

NOTE 9 – SCHOOL OPERATION/LEASEHOLD INTEREST

On July 1, 2011, the School's operating agreement renewal with the Orleans Parish School Board (OPSB) went into effect. This allows the School to use the facilities and contents located at 3019 Canal Street, New Orleans, LA 70119, or any other locations that may be approved by the School and the Orleans Parish School Board. This agreement expired on June 30, 2017. The agreement was renewed in June 2017 through June 30, 2026.

For the years ended June 30, 2018 and 2017, the School paid annual usage fees to the OPSB of \$98,913 and \$98,913, respectively. 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.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. If capital improvements are made by the School with non-public funds to any site which it operates, and the charter contract is revoked or terminated, the School will be reimbursed for the fair market value of such capital improvements. Assets purchased with public funds or obtained from public sources will automatically revert to the Orleans Parish School Board at the time the agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

The School also has the rights to use computers and kitchen equipment that are owned by Orleans Parish School Board for no fee.

Use of the property and equipment is not recorded as an in-kind contribution from the Orleans Parish School Board as the value of the use of the land, building and equipment is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.



WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 – CASH RESTRICTED FOR STUDENT ACTIVITIES

The School maintains a separate bank account for student activities. The account is for collected student activity fees. Restricted student activity funds amounted to \$231,613 and \$158,147 at June 30, 2018 and 2017, respectively, and are reported as cash restricted for student activities and as temporarily restricted net assets in the statements of financial position.

NOTE 11 – COMMITMENTS

The School has employment contracts with most of its employees. The contracts for the current year expired June 30, 2018. All contracts provided for a minimum annual salary and other benefits.

NOTE 12 – RISK MANAGEMENT

The School is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the years ended June 30, 2018 and 2017.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 23, 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



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

To the Board of Directors of
Warren Easton Senior High School Foundation, Inc.
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 Warren Easton Senior High School Foundation, Inc. (the School) (a nonprofit organization), which comprises 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 the financial statements, and have issued our report thereon dated October 23, 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.

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

October 23, 2018



**WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Warren Easton Senior High School Foundation, Inc. (a nonprofit organization) (the School).
2. No instances of noncompliance material to the financial statements of the School, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
3. No deficiencies in internal control over financial reporting considered to be material weaknesses or significant deficiencies were disclosed during the audit.

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None noted.

C. FINDINGS FINDING RELATED TO COMPLIANCE AND OTHER MATTERS

None noted.

D. MANAGEMENT LETTER

Not applicable – no letter was issued.

**WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None noted.

B. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL PROGRAMS

2017-001: PROCUREMENT SUSPENSION AND DEBARMENT

Condition: As described in 2 CFR Part 200, Appendix XI, Compliance Supplement, Department of Education requires educational institutions to check for Suspended or Debarred vendors before recording federal expenditures to the vendors. After discussion with management, we noted that no control exists over this compliance requirement. Although no control exists, CRI noted through testing that the School was in compliance with this requirement and therefore there were no questioned costs.

Status: Resolved.

2017-002: TIMELY SUBMISSION OF DATA COLLECTION FORM

Condition: The School is required to submit the audit package and data collection form to the Federal Audit Clearinghouse within a specified time period. Uniform Guidance 2 CFR 200.512(a) states that the audit package and data collection form shall be submitted 30 days after receipt of the auditors' report(s), or 9 months after the end of the fiscal year, whichever comes first.

Status: Resolved.

C. MANAGEMENT LETTER

Not applicable – no letter was issued.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018

Agency Head Name: Alexina Medley, Principal/Joseph Gilyot, Interim Principal

PURPOSE	AMOUNT
Salary	\$ 157,400
Benefits-health insurance	2,015
Benefits-retirement	53,931
Deferred compensation	-
Workers comp	787
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-Fica and Medicare	2,247
Car allowance	-
Vehicle provided by government	-
Cell phone	996
Dues	339
Vehicle rental	-
Per diem	-
Reimbursements	169
Travel	5,120
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
Total	\$ 223,004

See independent auditors' report.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Warren Easton Senior High School Foundation, Inc.
New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Warren Easton Senior High School Foundation, Inc. (a nonprofit organization) (the School) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School 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. Management of the School is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

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

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

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

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2017.

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

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

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

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2017 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's education level was properly classified on the schedule.

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

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

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

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

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2017 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

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

Public School Staff Data: Average Salaries (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

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

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

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

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2017 roll books for those classes and determined that the class was properly classified on the schedule.

Result: CRI noted that the maximum class size of 33 students was exceeded for four classes in the current year.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

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

Results: Not applicable as Warren Easton does not have grades 3 through 8.

Graduation Exit Examination (GEE) (Schedule 8)

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

iLEAP Tests (Schedule 9)

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

Results: Not applicable as Warren Easton does not have grades 3 through 8.

We were not engaged to and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the School, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Carri Riggs & Ingram, L.L.C.

October 23, 2018

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
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	\$	3,039,268	
Other Instructional Staff Activities		-	
Instructional Staff Employee Benefits		1,303,501	
Purchased Professional and Technical Services		146,767	
Instructional Materials and Supplies		610,813	
Instructional Equipment		-	
Total Teacher and Student Interaction Activities		-	5,100,349

Other Instructional Activities 161,491

Pupil Support Activities		524,712	
Less: Equipment for Pupil Support Activities		-	
Net Pupil Support Activities		-	524,712

Instructional Staff Services		507,608	
Less: Equipment for Instructional Staff Services		-	
Net Instructional Staff Services		-	507,608

School Administration		1,037,746	
Less: Equipment for School Administration		-	
Net School Administration		-	1,037,746

Total General Fund Instructional Expenditures \$ 7,331,906

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

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

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property		-	
Earnings from Other Real Property		-	
Total Local Earnings on Investment in Real Property		-	

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax		-	
Revenue Sharing - Other Taxes		-	
Revenue Sharing - Excess Portion		-	
Other Revenue in Lieu of Taxes		-	
Total State Revenue in Lieu of Taxes		-	

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

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

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE 2: EDUCATION LEVELS OF PUBLIC SCHOOL STAFF
FOR THE YEAR ENDED JUNE 30, 2018

As of October 1, 2017

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	23	47%	7	88%	-	-	-	-
Master's Degree	23	47%	1	13%	3	75%	-	-
Master's Degree +30	3	6%	-	-	1	25%	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
Total	49	100%	8	100%	4	100%	-	-

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

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE 3: NUMBER AND TYPE OF PUBLIC SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2018

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

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

**WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE 4: EXPERIENCE OF PUBLIC PRINCIPALS, ASSISTANT
PRINCIPALS, AND FULL-TIME CLASSROOM TEACHERS
FOR THE YEAR ENDED JUNE 30, 2018**

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	-	-	1	-	-	-	1	2
Principals	-	-	-	-	-	1	1	2
Classroom Teachers	6	10	11	7	8	7	8	57
Total	6	10	12	7	8	8	10	61

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

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE 5: 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	\$52,009	\$51,876
Average Classroom Teacher's Salary Excluding Extra Compensation	\$48,961	\$48,774
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	57	56

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.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE 6: 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	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	41%	166	32%	130	17%	69	1%	4
High Activity Classes	1%	5	3%	10	3%	13	2%	7
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.

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



**WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE 7: LOUISIANA EDUCATIONAL
ASSESSMENT PROGRAM (LEAP)
FOR THE YEAR ENDED JUNE 30, 2018**

This schedule is not applicable to Warren Easton Senior High School Foundation, Inc.

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



**WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE 8: GRADUATION EXIT EXAMINATION (GEE)
FOR THE YEAR ENDED JUNE 30, 2018**

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



WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.

**SCHEDULE 9: iLEAP Tests
FOR THE YEAR ENDED JUNE 30, 2018**

This schedule is not applicable to Warren Easton Senior High School Foundation, Inc.

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

Warren Easton Senior High School Foundation, Inc.

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2018



INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Warren Easton Senior High School Foundation, Inc. and the
Louisiana Legislative Auditor
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by Warren Easton Senior High School Foundation, Inc. (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 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 results are as follows:

Written Policies and Procedures

1. Obtained the School's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions:

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

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

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.

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

- c) **Disbursements**, including processing, reviewing, and approving.

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

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue.

Results: The Policies discuss the receipt of school funds and accounting for funds. It does not give specifics about preparing deposits.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

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

- 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.

Results: The policy does not include the (2) standard terms and conditions acceptable in contracts, (3) legal review of the contracts, or (5) the process to monitor the compliance with the contracts.

- g) **Credit Cards**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

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

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

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

Board

2. Obtained and inspected the board minutes for the fiscal period, as well as the board's Policy Manual for Organization and Operation for the Board in effect during the fiscal period, and:

a) Observed that the board met with a quorum at least monthly, or on a frequency in accordance with the board's Policy Manual for Organization and Operation for the Board.

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

b) Observed that the minutes referenced or included financial activity relating to public.

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

c) Reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

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

Bank Reconciliations

3. Obtained a listing of School bank accounts from management and management's representation that the listing is complete. Asked management to identify the School's main operating account. Selected the School's main operating account and randomly selected 4 additional accounts. Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:

a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

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

b) Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledger, or issue checks, has reviewed each bank reconciliation; and

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

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date.

Results: There was no documentation reflecting that management had researched reconciling items that had been outstanding for more than 12 months as of the end of the fiscal period for one selection.

Collections

4. Obtained a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. We selected one site as they only had one.

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

5. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Selected the only collection location for the deposit site, obtained and inspected written policies and procedures relating to employee job duties at the collection location, and observed that job duties are properly segregated for the collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

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

- 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.

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

- 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.

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

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source are not responsible for collecting cash, unless another employee verifies the reconciliation.

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

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

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

7. Randomly selected two deposit dates for 3 of the 5 bank accounts selected for "Bank Reconciliations" testing. The two remaining accounts had no deposits to test. Obtained supporting documentation for each of the deposits and:

- a) Observed that receipts are sequentially pre-numbered

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

- b) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip

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

- c) Traced the deposit slip total to the actual deposit per the bank statement

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

- d) Observed that the deposit was made within one business day of receipt at the collection location.

Results: For 5 of our 6 selections, deposits were made more than one day subsequent to the item's collection dates

- e) Traced the actual deposit per the bank statement to the general ledger.

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

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

8. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Selected the only location for testing.

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

9. For the location selected under #8 above, obtained a listing of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties, and observed 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: No exceptions were found as a result of applying the above procedure.

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 above procedure.

c) The employees are involved in processing and approving payments to vendors.

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

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee who is not responsible for processing payments.

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

10. For each location selected under #8 above, obtained the School's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for the location, obtained supporting documentation for each transaction and:

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

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

b) Observed that the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

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

Carly Riggs & Ingram, L.L.C.

October 23, 2018