

**HELIX NETWORK OF EDUCATIONAL CHOICES  
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

**FINANCIAL REPORT**

June 30, 2017

**HELIX NETWORK OF EDUCATIONAL CHOICES  
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

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June 30, 2017

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Helix Network of Educational Choices  
D/B/A Mentorship Academy  
Baton Rouge, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of **HELIX NETWORK OF EDUCATIONAL CHOICES D/B/A MENTORSHIP ACADEMY** (a non-profit organization) (the Academy), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the School's 2016 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 5, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 13 and the Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 14 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 December 20, 2017, on our consideration of the Academy'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 Academy's internal control over financial reporting and compliance.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
December 20, 2017

**HELIX NETWORK OF EDUCATIONAL CHOICES  
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

**STATEMENT OF FINANCIAL POSITION**

June 30, 2017

(with comparative amounts for 2016)

**ASSETS**

<b>CURRENT ASSETS</b>	<u>2017</u>	<u>2016</u>
Cash	\$ 208,248	\$ 150,832
Receivables, net	509,904	278,534
Prepaid expenses and other	300	300
Total current assets	718,452	429,666
<b>PROPERTY, net</b>	<u>1,242,971</u>	<u>778,132</u>
Total assets	<u>\$ 1,961,423</u>	<u>\$ 1,207,798</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and other accrued liabilities	\$ 102,514	\$ 95,014
Accrued salaries and benefits	311,977	210,703
Student activity funds	33,287	28,484
Line of credit	200,000	100,000
Capital lease obligations, current portion	25,627	47,954
Notes payable, current portion, less unamortized loan issuance costs	9,719	97,851
Total current liabilities	683,124	580,006
<b>LONG-TERM LIABILITIES</b>		
Capital lease obligations, less current portion	20,691	9,632
Notes payable, less current portion and unamortized loan issuance costs	<u>863,796</u>	<u>173,950</u>
Total liabilities	<u>1,567,611</u>	<u>763,588</u>
<b>NET ASSETS</b>		
Unrestricted	<u>393,812</u>	<u>444,210</u>
Total liabilities and net assets	<u>\$ 1,961,423</u>	<u>\$ 1,207,798</u>

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

**HELIX NETWORK OF EDUCATIONAL CHOICES  
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

**STATEMENT OF ACTIVITIES**

For the year ended June 30, 2017  
(with comparative amounts for 2016)

	<u>2017</u>	<u>2016</u>
<b>REVENUES AND SUPPORT</b>		
Minimum Foundation Program (MFP)	\$ 6,410,078	\$ 5,324,710
Grants	106,578	139,196
Food program	340,338	218,713
Other	<u>30,754</u>	<u>47,277</u>
Total revenues and support	<u>6,887,748</u>	<u>5,729,896</u>
<b>EXPENSES</b>		
Program services	4,315,856	3,262,061
Operations and maintenance	1,652,088	1,488,384
General and administrative	<u>970,202</u>	<u>987,881</u>
Total expenses	<u>6,938,146</u>	<u>5,738,326</u>
Decrease in net assets	(50,398)	(8,430)
<b>NET ASSETS</b>		
Beginning of year	<u>444,210</u>	<u>452,640</u>
End of year	<u>\$ 393,812</u>	<u>\$ 444,210</u>

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

**HELIX NETWORK OF EDUCATIONAL CHOICES**  
**D/B/A MENTORSHIP ACADEMY**  
 Baton Rouge, Louisiana

**STATEMENT OF CASH FLOWS**

For the year ended June 30, 2017  
 (with comparative amounts for 2016)

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2017</u>	<u>2016</u>
Decrease in net assets	\$ (50,398)	\$ (8,430)
Adjustments to reconcile change in net asset to net cash provided by operating activities:		
Depreciation expense	181,986	169,668
Amortization of loan issuance costs included in interest expense	15,891	-
Change in operating assets and liabilities:		
Increase in receivables	(231,370)	(64,763)
(Increase) decrease in prepaid expenses and other	-	45,484
Increase in accounts payable and other liabilities	113,577	94,664
Net cash provided by operating activities	<u>29,686</u>	<u>236,623</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property	<u>(600,479)</u>	<u>(35,476)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings from line of credit	150,000	250,000
Payments on line of credit	(50,000)	(250,000)
Payments on capital lease obligations	(57,614)	(42,841)
Proceeds from note payable	900,000	-
Loan issuance costs	(42,376)	-
Payments on notes payable	<u>(271,801)</u>	<u>(115,900)</u>
Net cash provided (used) by financing activities	<u>628,209</u>	<u>(158,741)</u>
 Net increase in cash	57,416	42,406
 <b>CASH</b>		
Beginning of year	<u>150,832</u>	<u>108,426</u>
End of year	<u>\$ 208,248</u>	<u>\$ 150,832</u>
 <b>Supplemental disclosure of nocash investing and financing activities:</b>		
Assets acquired through capital lease obligation	<u>\$ 46,347</u>	<u>\$ 14,862</u>
 <b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ 58,184</u>	<u>\$ 29,351</u>

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

# **HELIX NETWORK OF EDUCATIONAL CHOICES D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Organization and operations**

Helix Network of Education Choices d/b/a Mentorship Academy (the Academy) was incorporated on July 1, 2010, as a non-profit corporation under the laws of the State of Louisiana. The Academy operated under a contract with the East Baton Rouge Parish School System (EBRPSS) to establish a Type 1 charter school from July 1, 2010 through June 30, 2015. On July 1, 2015, the original charter was renewed for 3 years. The Academy is a public, tuition free, charter school for students in ninth through twelfth grades in East Baton Rouge Parish. The Academy's mission is to develop young adults who learn continuously as our economies and communities change through mentoring relationships with industry professionals. The Academy started its sixth year with approximately 571 students for the 2016-2017 school year.

#### **Financial statement presentation**

The Academy reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, which are described as follows:

*Unrestricted Net Assets* are net assets that are for general use and not subject to restriction.

*Temporarily Restricted Net Assets* are net assets subject to donor-imposed stipulations that may or will be met by actions of the Academy and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Academy did not have any temporarily restricted net assets at June 30, 2017.

*Permanently Restricted Net Assets* are net assets subject to donor-imposed stipulations that the Academy maintain the contribution permanently. The Academy did not have any permanently restricted net assets at June 30, 2017.

The statement of activities presents expenses of the Academy's operations functionally between program services, operations and maintenance, and general and administrative.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### **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.

### **Change in accounting principle**

The Academy adopted Accounting Standards Update (ASU) 2015-3 which requires debt issuance costs to be presented as a reduction of the related debt liability and related amortization of debt issuance costs to be presented as a component of interest expense. The Academy did not have any debt issuance costs prior to 2017 and, as a result, the adoption of this standard has no effect on the net assets or change in net assets previously reported.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation.

### **Revenues**

The Academy receives the significant portion of its revenue from the Minimum Foundation Program (MFP) through EBRPSS. The amount of MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes on a per student basis.

Federal funds are provided through the Louisiana Department of Education and the East Baton Rouge Parish School Board. The Academy also receives federal support for food service that is based on the number of students, which is restricted in use.

### **Fair value financial instruments**

The carrying value of cash, receivables, prepaid expenses, accounts payable, and accrued expenses approximates fair value due to the short-term maturity of these instruments. None of the financial instruments are held for trading purposes.

### **Cash**

Cash, for purposes of the statement of cash flows, consists of cash on hand, demand deposit and savings accounts. The Academy typically maintains cash in local banks that may, at times, exceed FDIC insured limits of \$250,000. Management believes the risk is minimal.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Receivables**

The receivables are stated at the amount management expects to collect. Management considers all amounts to be collectible; therefore, no allowance has been recorded at June 30, 2017. The Academy had no receivables outstanding for greater than 90 days.

**Property**

Property is recorded at cost. The Academy's policy requires assets with unit cost greater than \$500 to be capitalized as property. If an asset is donated to the Academy by a third party, its fair market value at the time of the acquisition shall be considered as the acquisition cost. Property acquired with grant funds are disposed of in accordance with grantor requirements. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. Expenses for maintenance and repairs are expensed as incurred.

**Tax-exempt status**

The Academy is a non-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Paid time off (PTO)**

The Academy's PTO policy states instructional staff members can earn up to seven days of vacation and sick leave during the fiscal year, are allowed to carryover unused vacation and sick days from year to year. After three years of service, employees are eligible to receive a payout of any unused PTO. A request for payout must be made to the Supervisor for approval. Non-instructional staff members may earn up to fifteen vacation and sick days and can carryover five days at year end, for a maximum annual benefit of twenty days. At June 30, 2017, the Academy had \$94,000 in accrued PTO.

**Advertising**

The Academy expensed advertising costs of \$16,761 as incurred during 2017.

**Reclassifications**

Certain reclassifications have been made in the 2016 financial statements to conform to the classifications used in the 2017 financial statements. The reclassifications have no effect on the net assets previously reported.

**Subsequent events**

The Academy has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through December 20, 2017, which was the date the financial statements were available to be issued.

**NOTE 2 - PROPERTY**

Property, service lives, and accumulated depreciation at June 30, 2017 were as follows:

	Estimated Service Lives	Amount
Leasehold improvements	5-20 years	\$ 1,254,952
Furniture, fixtures, and equipment	3-15 years	1,059,039
		2,313,991
Less accumulated depreciation		(1,071,020)
Property, net		\$ 1,242,971

Depreciation expense was \$181,986 for 2017.

As of June 30, 2017, the Academy has capitalized equipment acquired through capital leases with a cost of \$179,514 and corresponding accumulated depreciation of \$134,462. Depreciation for these assets was \$54,668 in 2017.

**NOTE 3 - LONG TERM DEBT**

Long-term debt at June 30, 2017, consisted of the following:

**Note payable:**

\$900,000 note payable, interest at 5.0%, to provide funds for renovations and improvements to school facilities. Due in monthly installments of \$7,117 through August 2018 with a balloon payment of \$865,767 in September 2018, less unamortized loan issuance costs of \$26,485. \$ 873,515

**Capital lease obligations:**

\$46,347 capital lease obligation, interest at 5.72% and due in monthly installments of \$1,397, including interest through October 2019. 36,685

\$14,862 capital lease obligation, interest at 8.4% and due in monthly installments of \$468, including interest through August 2018. 5,802

\$58,050 capital lease obligation, interest at 14.4% and due in monthly installments of \$1,971, including interest through August 2017. 1,948

\$60,225 capital lease obligation, interest at 7.2% and due in monthly installments of \$1,895, including interest through May 2017. 1,883

Total long-term debt \$ 919,833

**NOTE 3 - LONG TERM DEBT (CONTINUED)**

All debt is collateralized by the assets purchased.

Future maturities of long-term debt are as follows:

Year ending June 30th	Note payable	Less:		Capital leases	Total net maturities
		unamortized issuance costs	Note payable, net		
2018	\$ 30,907	\$ (21,188)	\$ 9,719	\$ 25,627	\$ 35,346
2019	869,093	(5,297)	863,796	16,536	880,332
2020	-	-	-	4,155	4,155
Total	<u>\$ 900,000</u>	<u>\$ (26,485)</u>	<u>\$ 873,515</u>	<u>\$ 46,318</u>	<u>\$ 919,833</u>

**NOTE 4 - LINE OF CREDIT**

The Academy has a variable interest rate (prime rate of the lender plus 1.8%, or 5.4% at June 30, 2017) revolving line of credit with a borrowing limit of \$250,000 and an outstanding balance of \$200,000 at June 30, 2017.

The line of credit is payable on demand, matures on January 16, 2020, and is collateralized by the Academy's deposits held with the creditor's institution.

**NOTE 5 - RETIREMENT PLAN**

The Academy sponsors an Internal Revenue Code Section 403(b) Plan which covers substantially all employees of the Academy immediately upon employment. Employees may contribute up to the lesser of \$18,000 or 100% of includable compensation. The Academy matches 100% of the employee's elective contribution to the retirement plan, not to exceed 3% of the employee's compensation. Employer contributions were approximately \$28,600 for 2017.

**NOTE 6 - CONCENTRATIONS**

The Academy receives the majority of its operating revenue from state and federal grants. The percentage of revenue and receivables from these sources is as follows:

	Revenues	Receivables
Minimum Foundation Program (MFP)	93%	97%
State and Local Grants	5%	3%
Federal Grants	2%	-
Other	1%	-
Total	100%	100%

**NOTE 7 - COMMITMENT AND CONTINGENCIES**

**Lease - Building**

The Academy leases teaching and office facilities under an operating lease with base monthly payments of \$59,756. On August 1<sup>st</sup> of each year, the payment amount is adjusted by the greater of 2% per annum or the annual consumer price index (CPI) increase, not to exceed 5%. This lease expires in 2031. Lease expense for 2017 was \$717,076.

The estimated future minimum payments under this lease at June 30, 2017, are as follows:

For the year ended June 30,	Amount
2018	\$ 731,413
2019	746,041
2020	760,962
2021	776,181
2022	791,705
2023 and thereafter	7,561,861
Total	\$ 11,368,163

**Contracted Services**

The Academy maintains its wireless network and other information technology (IT) services by contracting with a third party. The contract expires in June 2018, with the Academy reserving the right to extend the contract annually. The contracted price for the wireless network services is \$6,150 per month. The Academy also uses the third party to manage its IT system with rates varying on services provided. For 2017, payments for IT services were approximately \$89,300.

## **SUPPLEMENTARY INFORMATION**

**HELIX NETWORK OF EDUCATIONAL CHOICES**  
**D/B/A MENTORSHIP ACADEMY**  
 Baton Rouge, Louisiana

**SCHEDULE OF FUNCTIONAL EXPENSES**

For the year ended June 30, 2017  
 (with summarized comparative totals for 2016)

	<u>Function</u>			<u>Totals</u>	
	<u>Program</u>	<u>Operations and</u>	<u>General and</u>		
	<u>Services</u>	<u>Maintenance</u>	<u>Administrative</u>	<u>2017</u>	<u>2016</u>
Salaries and benefits	\$ 3,356,648	\$ -	\$ 521,983	\$ 3,878,631	\$ 2,614,331
Rent	-	888,336	-	888,336	774,479
Professional services	168,569	67,034	297,922	533,525	548,694
Student transportation	302,458	-	-	302,458	556,929
Materials and supplies	136,269	130,787	22,192	289,248	355,880
Food and beverage	266,663	-	-	266,663	223,381
Depreciation	-	181,986	-	181,986	169,668
Utilities	-	110,013	-	110,013	100,641
Repairs and maintenance	-	99,023	-	99,023	85,934
Insurance	-	-	98,242	98,242	47,658
Interest	-	74,075	-	74,075	29,351
Property taxes	-	58,000	-	58,000	57,659
Telephone and internet	-	35,722	-	35,722	26,016
Legal	-	-	28,079	28,079	25,718
Professional development	18,169	-	-	18,169	51,663
Advertising	16,761	-	-	16,761	16,883
Travel	-	-	1,784	1,784	2,746
Other	50,319	7,112	-	57,431	50,695
<b>Total expenses</b>	<b>\$ 4,315,856</b>	<b>\$ 1,652,088</b>	<b>\$ 970,202</b>	<b>\$ 6,938,146</b>	<b>\$ 5,738,326</b>

**HELIX NETWORK OF EDUCATIONAL CHOICES  
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO AGENCY HEAD**

June 30, 2017

**Agency Head:** Dr. Graysen Walles, Chief Executive Officer

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 144,000
Payroll taxes	9,993
Travel	3,553
Benefits - insurance	1,073
Benefits - retirement	1,000
Reimbursements	657
	<u>\$ 160,276</u>

See Independent Auditors' Report.

**Report on Internal Control and Compliance**  
**HELIX NETWORK OF EDUCATIONAL CHOICES**  
**D/B/A MENTORSHIP ACADEMY**  
Baton Rouge, Louisiana

June 30, 2017



**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  
Helix Network of Educational Choices  
D/B/A Mentorship Academy  
Baton Rouge, 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 **HELIX NETWORK OF EDUCATIONAL CHOICES D/B/A MENTORSHIP ACADEMY** (the Academy) (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Academy'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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in 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 Academy's financial statements are free of 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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
December 20, 2017

**HELIX NETWORK OF EDUCATIONAL CHOICES  
D/B/A MENTORSHIP ACADEMY**  
Baton Rouge, Louisiana

**SCHEDULE OF FINDINGS AND RESPONSES**

For the year ended June 30, 2017

There were none.

**HELIX NETWORK OF EDUCATIONAL CHOICES  
D/B/A MENTORSHIP ACADEMY**  
Baton Rouge, Louisiana

**SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

For the year ended June 30, 2017

**2016-001 Accounting Oversight**

**Condition:** During 2016, it was noted certain purchases totaling approximately \$22,000 for equipment with a useful life greater than one year were expensed as incurred instead of being capitalized and amortized over the useful life of the asset in accordance with the Academy's policy.

Additionally, Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 840, *Leases*, states that for leases meeting certain criteria, the assets should be capitalized and amortized over their useful lives and the corresponding lease obligations should be recorded and reduced by future lease payments. It was noted that three leases entered into by the Academy during 2015 and 2016 met the criteria for capitalization; however, the Academy did not properly capitalize the assets and corresponding debt.

**Status:** This matter is considered resolved.

**Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures**

**HELIX NETWORK OF EDUCATIONAL CHOICES**

**D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

June 30, 2017



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

To the Board of Directors of  
Helix Network of Education Choices,  
d/b/a Mentorship Academy  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Helix Network of Education Choices, d/b/a Mentorship Academy (the Academy) 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, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

***Written Policies and Procedures***

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

The Academy's written policies and procedures address these areas.

- 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.

The Academy's written policies and procedures address these areas.

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

The Academy's written policies and procedures address these areas.

- d. Receipts, including receiving, recording, and preparing deposits.

The Academy's written policies and procedures address these areas.

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

The Academy's written policies and procedures address these areas.

- 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.

The Academy's policies address types of services requiring written contracts, standard terms and conditions, and approval processes. The policies do not address the legal review and monitoring processes.

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

The Academy's written policies and procedures address these areas.

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

The Academy's written policies and procedures address these areas.

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

The Academy's written policies and procedures address actions to be taken if ethics violations take place and system to monitor possible ethics violations. The policies do not address prohibitions defined in Louisiana Revised Statute 42:1111-1121 and annual attestation through signature that they entity's ethics policies have been read. However, management indicated that all employees complete the annual required ethics training. See procedure 26.

- j. Debt Service, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The Academy's policies do not explicitly address debt service.

***Board (or Finance Committee, if applicable)***

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a. Report whether the managing board met (with quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The Board did not meet in July 2016, August 2016, October 2016, December 2016, and April 2016. The Academy's bylaws state the Board of Directors should meet no less than 10 times during a calendar year, therefore, the board did not meet on a frequency in accordance with their by-laws.

- b. Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

The minutes reference monthly budget-to-actual comparisons.

- c. Report 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.

The Academy's minutes discussed non-budgetary financial information, including board of director elections, facility upgrades and graduate updates.

### ***Bank Reconciliations***

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3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

4. Using the listing provided by management, select all the of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

The Academy has five bank accounts, Lockbox Account, Savings Account, Primary (Operating) Checking, SFA Account, and Student Activity Account, therefore, all banks accounts were selected.

- a. Bank reconciliations have been prepared;

Monthly bank reconciliations were prepared for each bank account for all accounts with activity without exception. Reconciliations are not prepared for accounts in which there is no activity during the month but the general ledger amount is agreed to the bank statement.

- b. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Reconciliations do not include signature denoting if management or a board member has reviewed the reconciliation.

- c. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

There was no documentation reflecting that management researched one outstanding check for \$3,250 which had been outstanding for more than 6 months at the end of the fiscal year.

### Collections

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5. Obtain a listing of cash/check/money order (cash) Collection location and management's representation that the listing is complete.

Management provided a listing of all cash collection locations. The Academy has one collection location which is the operations manager at the School.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

The Academy has one cash collection location, therefore, only one selection was made for the following procedures.

- a. Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Cash receipt procedures are outlined in the Academy's policy. The manual states two employees should be involved in the cash collection and depositing processes, but does not specifically state individuals responsible for collecting cash are not responsible to depositing the cash in the bank. Additionally, all money collected at the Academy shall be turned into the office before the end of each day and deposited in the bank as immediate as possible. Cash registers are not used within the Academy's cash receipt processes.

- b. Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The Academy's policy states all money collected must be receipted in the pre-numbered receipt books or, in cases of mass receipt, money collection forms will be used in lieu of receipts. The policy does not have formal processes over reconciliation to the general ledger or subsidiary ledgers.

- c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
  - i. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

The highest week of cash collections consisted of 4 checks received. The largest check for approximately \$549,000 was deposited within one day of collection. Of the remaining 3 checks totaling approximately \$9,800, 2 were dated 30 days before the deposit date and the other was dated 22 days before the deposit date.

- ii. Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

No exceptions noted.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The Academy's policy outlines cash collection processes such as receipting, cash collection logs, and reconciliations over various revenue sources. Additionally, the policies include procedures for budget to actual comparisons, which may assist in evaluating the completeness of revenues. However, none of the procedures above are explicitly defined as procedures to determine the completeness of collections.

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

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8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Check register of disbursement for all cash accounts for the year ended June 30, 2017 was obtained. Management represented that the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a. Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Purchases were initiated using an equivalent purchase order system, separating the initiation for approval processes for all selected disbursements with one exception. Support for one of the 25 selected disbursements was unable to be obtained by the Academy.

- b. Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions noted for the 24 disbursements that had supporting documentation provided by the Academy.

- c. Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No exceptions noted for the 24 disbursements that had supporting documentation provided by the Academy.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Individuals that are responsible for processing payments have the ability to add vendors to the entity's purchasing/disbursement system. However, the Academy's internal policies state vendors can only be added into the system with an approved purchase order signed by the CEO or Principal.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

Management with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The supply of unused checks is maintained in a locked file cabinet and access is restricted to individuals who do not have signing authority of checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

This criterion is not applicable as the Academy does not utilize a signature stamp.

### *Credit Cards/Debit Cards/Fuel Cards/P-Cards*

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14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Management provided a listing of all active credit cards and names of individuals with access to the cards. Management represented that the listing was complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

The Academy has sixteen credit cards, therefore, ten cards were selected for testing.

- a. Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

There was no evidence that monthly statement and supporting documentation was approved, in writing, by someone other than the authorized cardholder.

- b. Report whether finance charges and/or late fees were assessed on the selected statements.

There were no instances of finance charges or late fees on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

a. For each transaction, report whether the transaction is supported by:

i. An original itemized receipt (i.e., identifies precisely what was purchased)

Of the 105 charges reviewed, 8 items lacked proper supporting documentation.

ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

All charges in which management provided supporting documentation, documented the business purpose. One of the 8 items referenced above was a meal charge that did not have documentation of the business purpose and the individuals participating.

iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

The Academy's policy states all employees who use the Academy's credit cards are required to sign a policy understanding acknowledge form. Of the 10 cards tested, only 5 of the individuals' acknowledgement forms were able to be provided by management.

b. For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

c. For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted for charges that had supporting documentation. As mentioned above in procedure 16.a, 8 of the 105 transactions selected for testing did not have supporting documentation.

### ***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided a listing of all travel and related expense reimbursements and represented that the ledger was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

Travel and expense reimbursement are outlined in the Academy's policy, stating the rate of reimbursement shall not exceed the amounts outlined by the GSA. No exceptions noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail.
  - a. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

All expense reimbursement documentation was prepared in accordance with the Academy's written policies and compared to the GSA rates.

- b. Report whether each expense is supported by:
      - i. An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No exception noted.

- ii. Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Management was able to provide documentation of the business purpose for two of the three selections. The selection that lacked documentation of the business purpose was related to a national charter school conference in 2016.

- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions noted.

- c. Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

All transactions have business purposes in compliance with Article 7, Section 14, with no prohibited activity noted.

- d. Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The CEO approves the travel and expense documentation for all employees when reviewing and signing checks for disbursement. No documentation related to review and approval of the CEO's travel reimbursements totaling \$3,553 was provided by management as the Academy's current policy does not require this approval procedure.

### ***Contracts***

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We created a listing of all vendors and the disbursements paid to them and selected the top five vendors who received the most disbursements throughout the fiscal year. Management has represented the listing as complete.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a. Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

Four of the five contracts selected were supported a formal written contract, including the amount paid. For the selection lacking supporting documentation for the amount paid, the original agreement was provided, but management could not provide the agreement renewal outlining amounts to be paid in the current year.

- b. Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

No contracts selected for testing were subject to public bid law, therefore, no comparison to legal requirements was performed.

- ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

No contracts selected for testing had supporting documentation indicating management solicited quotes as a best practice.

- c. Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

The contracts selected were not amended during the current fiscal period.

- d. Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

We were able to compare four of the five invoices tested to the contract terms. One invoice was compared to an older contract as described in procedure 21.a. However, there were no contract renewal terms available to compare current billing practices to current services performed.

- e. Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

All contracts, with the exception of the item listed in 21.a, were supported with proper documentation of board approval. The original contract for which the renewal was not obtained was approved by the board.

### ***Payroll and Personnel***

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a. Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No exceptions noted.

- b. Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No exceptions noted.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a. Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Daily attendance records were provided for hourly employees only. However, attendance for instructional employees is tracked by the Academy only through the substitute teacher invoice reconciliation and paid-time-off request forms.

- b. Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No exceptions noted.

- c. Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No exceptions noted.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Management provided a listing of all terminated employees during the fiscal period and has represented the listing as complete. No employees received a termination payment during the current fiscal period, therefore, no testing was performed.

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

All federal income taxes, state income taxes, state unemployment taxes, and retirement contributions were submitted to the applicable agencies by the required deadlines without exception.

## *Ethics*

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- 26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Ethics compliance documentation was obtained for 3 of the 5 employees selected. For the remaining 2 without documentation, one employee was not employed as of the date the course completion was due, and the Academy believed the course was not applicable to the other.

- 27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

There were no alleged ethics violations during the fiscal period based on inquiry with management.

***Debt Service (excluding nonprofits)***

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Items 28-30 are not applicable to nonprofits.

***Other***

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28. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Per inquiry with management, there have been no misappropriation of public funds or assets.

29. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

The Academy has posted the required noticed within the premise and on their website.

30. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions noted.

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.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
December 20, 2017