

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**Noble Minds Institute for  
Whole Child Learning**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Noble Minds Institute for Whole Child Learning (Noble Minds)** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the sixteen months 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 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.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**Noble Minds Institute for  
Whole Child Learning**

**Auditors' Responsibility, Continued**

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 **Noble Minds** as of June 30, 2018, and the changes in its net assets and its cash flows for the sixteen months then ended in accordance with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**Noble Minds Institute for  
Whole Child Learning**

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to the Principal is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**Noble Minds Institute for  
Whole Child Learning**

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2019, on our consideration of **Noble Minds'** 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 **Noble Minds'** internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

April 15, 2019

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**STATEMENT OF FINANCIAL POSITION**  
JUNE 30, 2018

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**ASSETS**

Cash (NOTES 1 and 5)	\$ 111,187
Grants receivable (NOTE 4)	31,301
Other receivable	7,557
Prepaid expenses	<u>40,113</u>
 Total assets	 <u>\$ 190,158</u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable	\$ 8,333
Accrued liabilities	<u>21,322</u>
 Total liabilities	 <u>29,655</u>
 Net Assets:	
Unrestricted (NOTE 1)	<u>160,503</u>
 Total net assets	 <u>160,503</u>
 Total liabilities and net assets	 <u>\$ 190,158</u>

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

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**STATEMENT OF ACTIVITIES**  
**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**

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**REVENUES**

Local sources	
Minimum Foundation Program (NOTES 1 and 7)	\$ 215,371
Contributions	495,080
Other	<u>5,030</u>
Total local sources	<u>715,481</u>
State sources	
Minimum Foundation Program (NOTES 1 and 7)	<u>294,980</u>
Total state sources	<u>294,980</u>
Federal grants (NOTE 1)	<u>346,245</u>
Total revenues	<u>1,356,706</u>

**EXPENSES**

Program services	367,121
Support services	<u>829,082</u>
Total expenses	<u>1,196,203</u>
Change in net assets	160,503
Net assets, beginning of period	<u>-</u>
Net assets, end of period	<u><u>\$ 160,503</u></u>

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

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 160,503
Changes in assets and liabilities:	
Increase in grants receivable	(38,858)
Increase in prepaid expense	(40,113)
Increase in accounts payable	8,333
Increase in accrued liabilities	21,322
Net cash provided by operating activities	<u>111,187</u>
 Increase in cash	 111,187
 Cash, beginning of period	 <u>-</u>
 Cash, end of period	 <u><u>\$ 111,187</u></u>

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

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**

	PROGRAM SERVICES	SUPPORTING SERVICES	Total
	Instruction	Management and General	
Salaries and wages	\$ 225,987	\$ 409,961	\$ 635,948
Employee health and retirement	13,998	25,997	39,995
Payroll taxes	17,831	33,116	50,947
Total salaries and related expenses	257,816	469,074	726,890
Purchased professional and technical services	48,650	29,089	77,739
Purchased property services	-	28,691	28,691
Student transportation services	-	110,280	110,280
Insurance	-	22,538	22,538
Communications	-	7,385	7,385
Food service management	-	33,901	33,901
Other purchased services	-	24,965	24,965
Supplies	43,168	43,861	87,029
Equipment	17,487	15,122	32,609
Utilities	-	21,573	21,573
Travel	-	5,276	5,276
Advertising	-	9,057	9,057
Printing	-	4,489	4,489
Miscellaneous	-	3,781	3,781
Total expenses	<u>\$ 367,121</u>	<u>\$ 829,082</u>	<u>1,196,203</u>

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

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General

**Noble Minds Institute for Whole Child Learning (Noble Minds)** was awarded a Type 2 charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in December, 2015 to operate a public charter school. **Noble Minds'** initial school year began in August, 2017. The period of this audit is March 1, 2017 through June 30, 2018. The charter for **Noble Minds** was approved for an initial five (5) year period and subject to renewal following the end of the initial operating period.

**Noble Minds** seeks to provide education services according to the educational standards established by law, the charter contract and the charter proposal; measures pupil progress toward stated goals; and participates in pupil assessments as required by law, regulation and BESE policy.

**Noble Minds** is a school that is equipped to meet the academic and personal growth needs of all children. **Noble Minds** is unique in that it is also designed to meet the mental health needs of students who struggle with specific emotional and behavioral issues. **Noble Minds** is able to meet the needs of all students as a result of its instructional delivery methods and the unique skill set and experiences of its faculty and staff.

**Noble Minds'** mission is to create an environment where students receive high quality instruction and effective personal growth strategies that will prepare them to successfully navigate the next stage of their educational journey.

During the 2017-2018 school year, **Noble Minds** provided educational services to students in kindergarten through second grades, with a total enrollment at **Noble Minds** of 47.

Basis of Accounting

**Noble Minds'** financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

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 the reported amounts of assets and liabilities and 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.

Fixed Assets

Fixed assets of **Noble Minds** with a unit cost of \$5,000 or more are recorded as assets (capitalized) and are stated at historical costs if purchased or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation is provided utilizing the straight-line method over the estimated useful life of the asset, generally 3 to 8 years for improvements and for other property and equipment.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

At June 30, 2018, **Noble Minds** had no fixed assets.

Grant Revenue

Revenues from governmental grants are recognized when allowable expenditures are made by **Noble Minds**. Funds received for specific purposes but not yet expended are recorded as deferred revenue.

Statement of Cash Flows

For the purpose of the statement of cash flows, cash equivalents include all highly liquid instruments purchased with original maturities of three (3) months or less. **Noble Minds** had no cash equivalents at June 30, 2018.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income Taxes

**Noble Minds** is exempt from federal income taxes through Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. **Noble Minds** files as a tax-exempt organization. Should that status be challenged in the future, **Noble Minds'** 2017 tax year is open for examination by the IRS.

Financial Statement Presentation

For the sixteen months ended June 30, 2018, **Noble Minds** followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*, in the presentation of its financial statements. Under FASB ASC Section 958-205, **Noble Minds** is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets* - Support, revenues, and expenses for the general operation of **Noble Minds**.

*Temporarily Restricted Net Assets* - Contributions specifically authorized by the donor to be used for a certain purpose or to benefit a specific accounting period.

*Permanently Restricted Net Assets* - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by **Noble Minds**. Generally, the donors of these assets permit **Noble Minds** to use all or part of the income derived from the investment of these contributions.

At June 30, 2018, **Noble Minds** had no temporarily or permanently restricted net assets.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICAN  
ACCOUNTING POLICIES (CONTINUED):

Contributions

**Noble Minds** accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition*, in accounting for contributions received and contributions made. In accordance with FASB ASC Section 958-605, contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and nature of any donor-imposed restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Minimum Foundation Program (MFP)

As a Type 2 charter school, **Noble Minds** received funding from BESE in an amount based on estimated daily attendance at the schools. The amount of funding received is adjusted during the school year based on October 1<sup>st</sup> and February 1<sup>st</sup> student counts and the result of any audits performed.

Other Funding

Other revenues received consist of federal and state grants, and other revenue sources.

Budgetary Data

**Noble Minds** formally adopts an annual budget. The budgetary data are submitted to the State of Louisiana, Department of Education for approval.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 2 - FUNCTIONAL ALLOCATION EXPENSES:

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among instructional and support services in the accompanying Statement of Activities.

NOTE 3 - GRANTS RECEIVABLE:

At June 30, 2018, grants receivable consisted of the following:

Special Education Cluster	\$ 996
High Cost Services	10,925
Charter School Grant	<u>19,380</u>
	<u>\$31,301</u>

NOTE 4 - RETIREMENT SYSTEM:

**Noble Minds** has a non-ERISA 403(b) plan that provides for a discretionary matching contribution. For the sixteen-month period ended June 30, 2018, **Noble Minds** contributes 3% of an eligible employee's gross salary.

For the sixteen months ended June 30, 2018, **Noble Minds'** contributions to this plan totaled \$10,220.

NOTE 5 - CONCENTRATION OF CREDIT RISK:

**Noble Minds** maintains noninterest-bearing accounts at a local bank. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage on deposit accounts for deposit amounts up to \$250,000. The FDIC insurance coverage limit applies per depositor, per insured depository institution for each account ownership category. At June 30, 2018, **Noble Minds'** deposits were fully insured.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 6 - RISK MANAGEMENT:**

**Noble Minds** is exposed to various risks of loss related to torts, theft of, damage to and destruction of property for which **Noble Minds** carries commercial liability insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**NOTE 7 - CONCENTRATION OF REVENUE SOURCE:**

**Noble Minds'** primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund. **Noble Minds** receives a State allocation and a local allocation per eligible student in attendance at the official pupil count date of October 1<sup>st</sup> and February 1<sup>st</sup>, each year.

MFP revenue accounts for 38% of **Noble Minds'** total support for the sixteen months ended June 30, 2018. State and federal grants are on a cost-reimbursement basis and account for 26% of **Noble Minds'** total support for the sixteen months ended June 30, 2018. If the amount of revenue received should fall below budgeted award levels, **Noble Minds'** operating results could be adversely affected.

**NOTE 8 - CONTINGENCY:**

**Noble Minds** is a recipient of grants from the state, local and federal funding agencies. The grants are governed by various state, local and federal guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants are under the control and administration of **Noble Minds** and are subject to audit and/or review by grantors. Any grant found to be not properly spent in accordance with the terms, conditions, and regulations of the state, local and federal agencies may be subject to recapture.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 9 - BOARD OF DIRECTORS' COMPENSATION:**

The Board of Directors of **Noble Minds** is a voluntary board; therefore, no compensation was paid to any board member during the sixteen months ended June 30, 2018.

**NOTE 10 - SUBSEQUENT EVENTS:**

**Noble Minds** is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **Noble Minds** performed such an evaluation through April 15, 2019, the date which the financial statements were available to be issued.

**NOTE 11 - NEW PRONOUNCEMENTS:**

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-14 affecting ASC 958, *Not-for-Profit Entities*, which establishes standards for external financial reporting by not-for-profit organizations. The primary objective of this Update is to make certain improvements to the current reporting practices of not-for-profit entities. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018.

The FASB also issued Accounting Standards Update No. 2016-02 affecting ASC 842, *Leases*, which provides guidance for any entity that enters into a lease (as defined in this Update), with some specified scope exemptions. The guidance in this Update supersedes ASC 840 *Leases*. The primary objective of this Update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities in the statement of financial position and disclosing key information about leasing arrangements. The amendments in this Update are effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020.

**NOBLE MINDS INSTITUTE  
FOR WHOLE CHILD LEARNING**  
SCHEDULE OF COMPENSATION, BENEFITS AND  
OTHER PAYMENTS TO THE PRINCIPAL  
FOR THE YEAR ENDED JUNE 30, 2018

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**Principal Name:** Dr. Vera Triplett

<u>Purpose</u>	<u>Amount</u>
Salary	\$157,986
Benefits – insurance	14,806
Benefits – retirement	7,893
Bonus	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	834
Travel	-0-
Registration fees	394
Conference travel	1,501
Continuing professional education fees	-0-
License fees	-0-
Unvouchered expenses	-0-
Stipends	-0-
Special meals	-0-

See Independent Auditors' Report on Supplementary Information.

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

To the Board of Directors of  
**Noble Minds Institute for Whole  
Child Learning**

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 **Noble Minds Institute for Whole Child Learning (Noble Minds)** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the sixteen months then ended, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2019.

**Internal Control Over Financial Reporting**

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

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  
(CONTINUED)

**Internal Control Over Financial Reporting, Continued**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Noble Minds'** 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*.

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  
(CONTINUED)

**Response to Findings**

**Noble Minds'** response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. **Noble Minds'** response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**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 **Noble Minds'** internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Noble Minds'** internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

April 15, 2019

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**SCHEDULE OF FINDINGS**  
**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**

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**SECTION I – SUMMARY AUDITORS' RESULTS**

- A. Type of report issued on the financial statements: **Unmodified.**
- B. Did the audit disclose any material weaknesses in internal control over financial reporting? **No.**
- C. Did the audit disclose any significant deficiencies in internal control over financial reporting that are not considered to be material weaknesses? **Yes.**
- D. Did the audit disclose any non-compliance which is material to the financial statements? **No.**
- E. Did the audit disclose any material weaknesses in internal control over major federal programs? **Not Applicable.**
- F. Did the audit disclose any significant deficiencies in internal control over major programs that are not considered to be material weaknesses? **Not Applicable.**
- G. Type of report issued on compliance for major programs: **Not Applicable.**
- H. Did the audit disclose any audit findings required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? **Not Applicable.**
- I. Was a management letter issued? **No.**

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**

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**SECTION I - SUMMARY OF AUDITORS' RESULTS, CONTINUED**

- J. Identification of Major Programs: **Not Applicable**
  
- K. Dollar threshold used to distinguish between Type A and Type B Programs: **Not Applicable**
  
- L. Auditee qualified as a "low-risk" auditee: **Not Applicable**.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**

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**Section II - FINANCIAL STATEMENT FINDINGS**

**2018-001 Financial Close and Reporting Process/Submission of Audit Report**

**Criteria**

Management of **Noble Minds** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to ensure the accuracy in financial reporting.

LSA-RS 24:513 (A)(5)(I) requires audit reports to be completed and submitted to the State of Louisiana Legislative Auditor within six (6) months after year end, unless the Louisiana Legislative Auditor Audit Advisory Council approves an extension request, based only on a natural disaster, to file the audit report with the Louisiana Legislative Auditor by a specific date.

**Condition**

We noted during our audit that **Noble Minds'** 2018 year end financial close and reporting process was not completed until March 2019. Thus, **Noble Minds'** June 30, 2018 financial statements were prepared and finalized nearly nine (9) months after the June 30, 2018 year end.

In addition, the June 30, 2018 audited financial statements were not submitted to the Legislative Auditor by the statutory due date of December 31, 2018.

**Cause**

This condition was caused by 1) sudden turnover of a key financial employee during the financial close and reporting process and 2) no written financial close and reporting policy to be followed for the accounting staff.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**

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**Section II - FINANCIAL STATEMENT FINDINGS, CONTINUED**

**2018-001     Financial Close and Reporting Process/Submission of Audit Report,  
Continued**

**Effect**

Financial information was not timely and accurately captured for the preparation of the June 30, 2018 financial statements and communicated to management and the board for their use. Also, an audit report filed with or without an approved extension from the Legislative Auditor after the six (6) months' timeframe for any reason other than for a natural disaster is a violation of the State audit completion and submission law.

**Recommendation**

We recommend that management establishes a well-defined financial close and reporting process. The process and its key attributes (e.g. overall timing, format and frequency of analyses) are formally documented, approved and reviewed on a regular basis. We believe once this well-defined process is established, followed and monitored for its effectiveness, reliable and timely financial statements will be prepared for the use of management and the board, and completed and submitted to the Louisiana Legislative Auditor within the required timeframe.

**Management's Response**

**Noble Minds** will adopt the auditors' recommendation and create a financial close and reporting process that will be included in our school's financial policies and procedures, and will be implemented by the end of the 2018-2019 fiscal year.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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**Section II - FINANCIAL STATEMENT FINDINGS, CONTINUED**

**2018-002 Documented Reviews and Approvals**

**Criteria**

Management of **Noble Minds** is responsible for the documentation of the components of internal control to include the implementation of a design and operation of internal control to ensure the accuracy in financial reporting.

**Condition**

We noted during our audit that the following control procedures were not documented with supervisory reviews and approvals:

- journal entries;
- processing and the payment of payroll; and
- bank reconciliation.

**Cause**

**Noble Minds** does not have written policies and procedures that require certain control activities to be documented with reviews and approvals.

**Effect**

Possible material misstatements or other errors due to fraud may occur without adequate internal controls.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**

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**Section II - FINANCIAL STATEMENT FINDINGS, CONTINUED**

**2018-002     Documented Reviews and Approvals, Continued**

**Recommendation**

We recommend that **Noble Minds** immediately establish internal controls that require documented reviews and approvals for the payment of payroll, journal entries and bank reconciliation.

**Management's Response**

**Noble Minds** will adopt the auditors' recommendation. With the update to the aforementioned finance policy, we will ensure that we include a process for documented reviews and approvals for payment of payroll, journal entries and bank reconciliations. This will be implemented for the 2018-2019 fiscal year.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**

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**SECTION III - FINDINGS AND QUESTIONED COSTS**  
**RELATED TO FEDERAL AWARDS**

Not applicable.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**

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**SECTION I - FINDINGS RELATING TO THE FINANCIAL STATEMENTS REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Not applicable. This is **Noble Minds'** first period of operations.

**SECTION II - FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS**

Not applicable. This is **Noble Minds'** first period of operations.

**SECTION III - MANAGEMENT LETTER COMMENT**

Not applicable. This is **Noble Minds'** first period of operations.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**

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

**FOR THE YEAR ENDED JUNE 30, 2018**

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

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To the Board of Directors of  
**Noble Minds Institute for Whole Child Learning**,  
the Louisiana Department of Education,  
and the Louisiana Legislative Auditor

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by management of **Noble Minds Institute for Whole Child Learning (Noble Minds)**, the Louisiana Department of Education and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of **Noble Minds** for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514 I. Management of **Noble Minds** is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described on pages 3 and 4 either for the purpose for which this report has been requested or for any other purpose.

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

**INDEPENDENT ACCOUNTANTS' REPORT  
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**(CONTINUED)**

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of **Noble Minds**, as required by Louisiana Revised Statute 24:514 I, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

April 15, 2019

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

---

**(CONTINUED)**

**PROCEDURES AND FINDINGS**

Our procedures and associated findings are as follows:

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

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

*No differences noted.*

**Class Size Characteristics (SCHEDULE 2, formerly SCHEDULE 6)**

2. We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a sample of 3 classes to the October 1, 2017 roll books for those classes and observed that the class was properly classified on the schedule.

*No differences noted.*

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

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**(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Education Levels/Experience of Public School Staff (No Schedule)**

3. We obtained the October 1<sup>st</sup> PEP data submitted to the Department of Education, including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data is complete. We then selected a sample of 2 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data.

*No differences noted.*

**Public School Staff Data: Average Salaries (No Schedule)**

4. We obtained the June 30<sup>th</sup> PEP data submitted to the Department of Education of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtain management's representation that the data is complete. We then selected a sample of 2 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data.

*No differences noted.*

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -**  
**PERFORMANCE AND STATISTICAL DATA)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2018**

---

**SCHEDULE 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**

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

**SCHEDULE 2 - Class Size Characteristics (formerly SCHEDULE 6)**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20; 21-26, 27-33, and 34+ students.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**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	\$	110,272	
Other Instructional Staff Activities		115,714	
Employee Benefits		31,829	
Purchased Professional and Technical Services		48,650	
Instructional Materials and Supplies		43,169	
Instructional Equipment		17,487	
Total Teacher and Student Interaction Activities		<u>367,121</u>	367,121
Other Instructional Activities			-
Pupil Support Activities		28,318	
Less: Equipment for Pupil Support Activities		<u>-</u>	
Net Pupil Support Activities			28,318
Instructional Staff Services		-	
Less: Equipment for Instructional Staff Services		<u>-</u>	
Net Instructional Staff Services			-
School Administration		236,823	
Less: Equipment for School Administration		<u>(18,041)</u>	
Net School Administration			<u>218,782</u>
Total General Fund Instructional Expenditures			<u>\$ 614,221</u>
Total General Fund Equipment Expenditures			<u>\$ 18,041</u>

**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	<u>\$</u>	<u>-</u>	
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	<u>\$</u>	<u>-</u>	
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	<u>\$</u>	<u>-</u>	
Nonpublic Textbook Revenue		<u>\$</u>	<u>-</u>
Nonpublic Transportation Revenue		<u>\$</u>	<u>-</u>

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

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**Class Size Characteristics**  
**As of October 1, 2017**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	33%	2	17%	1	0%	0	0%	0
Elementary Activity Classes	33%	2	17%	1	0%	0	0%	0
Middle/Jr. High	0%	0	0%	0	0%	0	0%	0
Middle/Jr. High Activity Classes	0%	0	0%	0	0%	0	0%	0
High	0%	0	0%	0	0%	0	0%	0
High Activity Classes	0%	0	0%	0	0%	0	0%	0
Combination	0%	0	0%	0	0%	0	0%	0
Combination Activity Classes	0%	0	0%	0	0%	0	0%	0

**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.

**NOBLE MINDS INSTITUTE FOR WHOLE CHILD LEARNING**  
**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**FOR THE SIXTEEN MONTHS ENDED JUNE 30, 2018**



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**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES**

---

To the Management and the Board of Directors of  
**Noble Minds Institute for Whole Child Learning**

We have performed the procedures enumerated below, which were agreed to by **Noble Minds Institute for Whole Child Learning (Noble Minds)** and the Louisiana Legislative Auditor (LLA), on the control and compliance areas identified in the LLA's Statewide Agreed-upon Procedures (SAUPs), and certain additional procedures requested by the Board of Directors of **Noble Minds**, for the sixteen months ended June, 30, 2018 ("fiscal period"). **Noble Minds'** management is responsible for those control and compliance areas identified in the SAUPs.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described on pages 2 to 14 either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS**

Our procedures and findings related to the agreed-upon procedures are as follows:

**Written Policies and Procedures**

---

1. We obtained and inspected Noble Minds' written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

***No exceptions were noted except that Noble Minds' written budgeting policies and procedures do not address amending the budget.***

**Management's Response**

Noble Minds will add written budgeting policies specifically outlining the process to amend the budget to the existing financial policy manual by the end of the 2018-2019 fiscal year.

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.

***We noted that the purchasing policy does not address (1) how purchases are initiated, and (2) how vendors are added to the vendor list.***

**Management's Response**

Noble Minds will update existing purchasing policy to address how purchases are initiated and how vendors are added to the vendor list by the end of the 2018-2019 fiscal year.

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

***No exceptions were noted.***

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

***No exceptions were noted.***

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

***No exceptions were noted.***

- 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.

***We noted the contracting policy does not address (1) the types of services requiring written contracts, and (2) legal review.***

**Management's Response**

Noble Minds will update existing contracting process to identify types of services requiring contracts and the requirement for legal review of contracts by the end of the 2018-2019 fiscal year.

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

***No exceptions were noted except that Noble Minds' credit cards policy does not address how cards are to be controlled.***

**Management's Response**

Noble Minds will add to the existing financial policy, guidelines regarding who has a credit card, and how they will be controlled by the end of the 2018-2019 fiscal year.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

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

*No exceptions were noted except that Noble Minds' travel and expense reimbursement policy does not address dollar thresholds by category of expense.*

**Management's Response**

Noble Minds will add to the existing financial policy dollar thresholds by the end of the 2018-2019 fiscal year.

- 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.

*We noted that Noble Minds does not have an ethics policy that addresses (1) the prohibitions 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 Noble Minds' ethics policy.*

**Management's Response**

Noble Minds will create an ethics policy that addresses Louisiana Revised Statute 42:1111-1121 and will ensure all staff are made aware of the update to the policy by the end of the 2018-2019 fiscal year.

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

*Debt service is not applicable; Noble Minds had no debt during the fiscal period.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Board or Finance Committee*

---

2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

*No exceptions were noted.*

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

*We noted that two (2) of the eight (8) board minutes inspected did not reference or include financial activity relating to public funds.*

**Management's Response**

Due to staffing changes, Noble Minds did not have a COO who was able to report out on a monthly basis the school's financial activity. We have since contracted with an accountant who will be able to make regular reports to the board.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

*This procedure is not applicable because Noble Minds is a not for profit entity.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

***Bank Reconciliations***

---

3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the **Foundation's** main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

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

*No exceptions were noted.*

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

*We noted that the tested bank reconciliation was prepared by the Office Manager who handles cash and log cash receipts.*

**Management's Response**

Noble Minds has contracted with an entity that will be responsible for bank reconciliations.

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

*No exceptions were noted.*

***Collections***

---

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

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT**  
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**(CONTINUED)**

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

*No exceptions were noted.*

- 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.

*No exceptions were noted.*

- 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.

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

*No exceptions were noted.*

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

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT  
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(CONTINUED)**

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

*No exceptions were noted.*

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

*We were unable to determine the time between receipt and deposit because a receipt log was not made for checks received.*

**Management's Response**

Noble Minds will ensure that both the date of receipt of a check and the deposit are both captured and ensure that the deposit is made within one business day of receipt at the collection location.

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

*No exceptions were noted.*

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

---

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

*No exceptions were noted.*

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

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

*No exceptions were noted.*

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

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT  
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(CONTINUED)**

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

*No exceptions were noted.*

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

*No exceptions were noted.*

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

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

*No exceptions were noted.*

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*No exceptions were noted.*

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

---

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

*No exceptions were noted.*

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.])

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**(CONTINUED)**

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

*No exceptions were noted.*

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

*No exceptions were noted.*

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

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14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

*No exceptions were noted.*

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

*No exceptions were noted.*

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

*No exceptions were noted.*

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

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

***Contracts***

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15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

*No exceptions were noted.*

b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

*No exceptions were noted.*

c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

*No exceptions were noted.*

d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

*No exceptions were noted.*

***Payroll and Personnel***

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

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

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

*No exceptions were noted.*

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

*No exceptions were noted.*

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*No exceptions were noted.*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Ethics*

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*No exception noted.*

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

*We noted that Noble Minds does not have a policy for employees to attest through signature verification that he or she has read the entity's ethics policy during the fiscal period.*

**Management's Response**

Noble Minds will ensure all employees sign an acknowledgement form acknowledging the receipt and review of the school's ethics policy by the end of the 2018-2019 fiscal year.

*Debt Service*

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

*Debt service is not applicable; Noble Minds had no debt during the fiscal period.*

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

*Debt service is not applicable; Noble Minds had no debt during the fiscal period.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

*Other*

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

*No exceptions were noted.*

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

*No exceptions were noted.*

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We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion or conclusion on management's assertions, respectively, on those control and compliance 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 control and compliance 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 Legislative Auditor as a public document.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

April 15, 2019