

**BATON ROUGE UNIVERSITY
PREPARATORY SCHOOL, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDING JUNE 30, 2018 AND 2017**

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Baton Rouge University Preparatory School, Inc.
Baton Rouge, LA

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Baton Rouge University Preparatory School, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Schedule of Compensation, Benefits and Other Payments to the School Leader, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated 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 consolidated financial statements as a whole.

The Performance and Statistical Data and the Statewide Agreed Upon Procedures are not a required part of the basic consolidated financial statements but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, on our consideration of Baton Rouge University Preparatory School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Baton Rouge University Preparatory School, Inc.'s internal control over financial reporting and compliance.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

December 3, 2018

BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets		
Cash	\$ 917,787	\$ 763,055
Accounts receivable, net	423,680	416,552
Prepaid expenses	12,836	43,744
Total Current Assets	<u>1,354,303</u>	<u>1,223,351</u>
Property and Equipment		
Furniture and fixtures	54,269	44,793
Equipment	104,157	84,397
Construction in progress	332,661	9,990
Land	1,445,054	-
Accumulated depreciation	(95,179)	(58,019)
Total Property and Equipment	<u>1,840,962</u>	<u>81,161</u>
Total Assets	<u>\$ 3,195,265</u>	<u>\$ 1,304,512</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 239,313	\$ 254,125
Accrued wages	63,290	77,000
Current portion of long term debt	104,734	2,828
Total Current Liabilities	<u>407,337</u>	<u>333,953</u>
Long Term Liabilities		
Notes payable, net of current portion	1,056,064	-
Total Long Term Liabilities	<u>1,056,064</u>	<u>-</u>
Total Liabilities	<u>1,463,401</u>	<u>333,953</u>
Net Assets		
Unrestricted net assets	<u>1,731,864</u>	<u>970,559</u>
Total Liabilities and Net Assets	<u>\$ 3,195,265</u>	<u>\$ 1,304,512</u>

See accompanying notes and independent auditors' report.

BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE PERIODS ENDING JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUES		
Minimum Foundation Program	\$ 3,295,531	\$ 2,592,468
Federal grants	480,859	818,791
State grants	2,217	-
Contributions	480	15,829
Other income	113,399	31,123
Food service	589,166	428,085
Total Revenues	<u>4,481,652</u>	<u>3,886,296</u>
EXPENSES		
Program services	3,346,578	2,830,663
Management and general	373,769	254,121
Passthrough federal grant	-	349,499
Total Expenses	<u>3,720,347</u>	<u>3,434,283</u>
CHANGE IN NET ASSETS	761,305	452,013
Net assets - beginning of year	<u>970,559</u>	<u>518,546</u>
Net assets - end of year	<u>\$ 1,731,864</u>	<u>\$ 970,559</u>

See accompanying notes and independent auditors' report.

BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD ENDING JUNE 30, 2018

	Program Services	Management & General	Total
Administration fees	\$ 6,366	\$ 1,592	\$ 7,958
Curriculum materials and software	102,780	-	102,780
Depreciation	29,729	7,432	37,161
Employee benefits	154,480	9,407	163,887
Food service	547,262	-	547,262
Insurance	37,745	9,436	47,181
Interest	-	73,670	73,670
Janitorial	47,384	11,846	59,230
Payroll taxes	119,759	7,215	126,974
Recruiting	17,438	-	17,438
Rent	111,024	37,008	148,032
Repairs and maintenance	10,600	2,650	13,250
Salaries	1,490,668	95,967	1,586,635
Supplies	10,886	3,457	14,343
Technical and professional services	278,955	110,302	389,257
Transportation	366,108	-	366,108
Travel	247	-	247
Utilities	15,147	3,787	18,934
	<u>\$ 3,346,578</u>	<u>\$ 373,769</u>	<u>\$ 3,720,347</u>

See accompanying notes and independent auditors' report.

BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD ENDING JUNE 30, 2017

	<u>Program Services</u>	<u>Management & General</u>	<u>Total</u>
Curriculum materials and software	\$ 87,093	\$ -	\$ 87,093
Depreciation	27,940	6,985	34,925
Employee benefits	118,788	7,035	125,823
Food service	390,827	-	390,827
Insurance	32,836	8,209	41,045
Janitorial	19,879	4,970	24,849
Payroll taxes	106,167	6,394	112,561
Recruiting	23,811	-	23,811
Repairs and maintenance	33,822	8,456	42,278
Salaries	1,318,607	83,974	1,402,581
Supplies	26,313	8,316	34,629
Technical and professional services	228,388	109,929	338,317
Transportation	374,632	-	374,632
Travel	2,148	-	2,148
Utilities	39,412	9,853	49,265
	<u>\$ 2,830,663</u>	<u>\$ 254,121</u>	<u>\$ 3,084,784</u>

See accompanying notes and independent auditors' report.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDING JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 761,305	\$ 452,013
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>		
Depreciation	37,161	34,925
Increase in accounts receivable	(7,128)	(201,969)
(Increase) decrease in prepaid expenses	30,908	(35,081)
Decrease in accounts payable and accrued expenses	(14,812)	(3,211)
Increase (decrease) in accrued wages	(13,710)	43,028
Total adjustments	32,419	(162,308)
Net cash provided by operating activities	<u>793,724</u>	<u>289,705</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(1,796,962)</u>	<u>(79,985)</u>
Net cash used by investing activities	<u>(1,796,962)</u>	<u>(79,985)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	1,232,850	-
Principal payments on notes payable	(72,051)	-
Principal payments on start up loan	<u>(2,827)</u>	<u>(33,940)</u>
Net cash provided (used) by financing activities	<u>1,157,972</u>	<u>(33,940)</u>
INCREASE IN CASH	154,734	175,780
CASH, BEGINNING OF YEAR	<u>763,055</u>	<u>587,275</u>
CASH, END OF YEAR	<u>\$ 917,789</u>	<u>\$ 763,055</u>
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	<u>\$ 73,670</u>	<u>\$ -</u>

See accompanying notes and independent auditors' report.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017**

1. Summary of Significant Accounting Policies

(a) Organization

Baton Rouge University Preparatory School, Inc. (the School) was approved as a Type 2 charter school by the Louisiana Board of Elementary and Secondary Education (BESE) on July, 1, 2017. The School first opened for Kindergarten students beginning with the 2014-2015 school year with an additional grade being added each year until the School reaches the 5th grade in the 2019-2020 school year.

The charter contract is effective for an initial period of four years and will terminate on June 30, 2021 unless extended for an additional year contingent upon the results of a review conducted after the completion of the third year of the current contract period.

In June of 2017 a new entity, 7802 Howell, LLC, was formed with the School as the sole member and manager. The purpose of 7802 Howell, LLC was to act as a property holding company of property that the School had identified as the site that new school facilities would be constructed on. Both notes that were used to purchase the property are in the name of 7802 Howell, LLC.

All activity related to 7802 Howell, LLC has been consolidated with the activity from the School.

(b) Basis of Accounting

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

(c) Revenues

The School receives the majority of its revenue from the Louisiana Department of Education in the form of Minimum Foundation Program (MFP) payments and various reimbursable federal grants. The School also receives a significant portion of revenue from private donors.

(d) Net Assets

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

Unrestricted Net Assets

Unrestricted net assets are for general use with no restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets can be expended currently, but only for a specified purpose designated by the grantor. There are no temporarily restricted net assets as of June 30, 2018 or 2017.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017**

1. Summary of Significant Accounting Policies (continued)

Permanently Restricted Net Assets

Net assets permanently restricted for future use by the grantor or the board of directors. There are no permanently restricted net assets as of June 30, 2018 or 2017.

(e) Cash

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

(f) Accounts and Grants Receivable

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

(g) Functional Expenses

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

(h) Income Taxes

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

The School files information returns in the U.S. federal jurisdiction and in various other states. The School filed its first federal information return for tax year 2014 which is still subject to examination by the IRS.

782 Howell, LLC is a single member limited liability company that has elected to be treated as a disregarded entity. As such, 7802 Howell, LLC is not subject to federal income tax, but rather its income or loss inures to the School.

(i) Use of Estimates

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

(j) Subsequent Events

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

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017**

2. Concentrations

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts held with a bank. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. Cash amounts in excess of FDIC insured limits at June 30, 2018 and 2017 were \$667,537 and \$588,597, respectfully

The School receives the majority of its operating revenue from the Louisiana Department of Education in the form of Minimum Foundation program funding and federal reimbursable grants. The percentage of revenue and receivables from these sources in excess of 5% is as follows:

	<u>2018</u>	<u>2017</u>
Revenue		
Minimum Foundation Program	74%	67%
Federal grants	11%	21%
Contributions	0%	0%
Food service reimbursement	13%	11%
Receivables		
Federal Grants	100%	100%

3. Leases

The School occupied buildings owned by the Living Faith Christian Center(LFCC) and Satellite Shelters, Inc. The School had an agreement in place with LFCC for the use of property and various facilities while it also rented large modular buildings from Satellites Shelters, Inc. which were located on the same property. The leases with LFCC and Satellite Shelters, Inc. began in July of 2017 with an approximate monthly payment of \$10,400. The agreement with LFCC was cancelled in April 2018 when the School formed 7802 Howell, LLC, see note 8 for more detail.

While the new building is being constructed by 7802 Howell, LLC the School utilized the already existing agreement with Satellite Shelters, Inc. to provide additional large modular buildings on the land owned by the 7802 Howell, LLC. The lease payments under the new arrangement were approximately \$13,500 a month. The School plans to maintain the current leasing arrangement until the new school building construction is completed.

4. Property and Equipment

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

5. Compensated Absences

Employees earn paid time off based on various factors such as length of service and job title. Any unused paid time off is paid out at the end of the year and does not carry over to the following year.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017**

6. Benefit Plan

The School maintains a 403(b) retirement plan for its employees. All employees who meet eligibility requirements related to age and length of service are eligible to participate in the plan. Employees may elect to defer a certain percentage of their total compensation, within limits established by the Internal Revenue Code. The School matches up to 3% of employee deferrals. For the year ended June 30, 2018 and 2017, the total amount paid by the School under the plan was \$20,610 and \$11,982.

7. Line of Credit

The School has an available line of credit of \$150,250 with a bank. Interest on the line of credit is 3.5% and is paid monthly. As of June 30, 2018 and 2017 there were no outstanding balance on the line of credit.

8. CDSC and Maxco Notes Payable

In July of 2017 7802 Howell LLC, an entity in which Baton Rouge University Preparatory Inc. exercises managing control over, closed on two loans for the purchase of a piece property where new school facilities will be constructed. One loan was obtained from the Charter Schools Development Corporation (CSDC) while the other is from the organization that the property was purchased from, Maxco Development, LLC.

The total amount of the CSDC loan was \$830,000 and began on July 20, 2017. This loan was payable as interest only payments at the end of each month from July 31, 2017 to December 31, 2017. Monthly principal and interest payments of \$7,190.63 over 53 months began on January 31, 2018 with a balloon payment of the remaining principal balance due on June 30, 2022. The interest rate is 7%. The total amount due on this loan at June 30, 2018 was \$814,057. Interest expense for the year ended June 30, 2018 was \$54,778.

Projected amounts due on this loan for the next 5 years are as follows:

2018	\$	33,604
2019		36,033
2020		38,638
2021		705,782
2022		-
	\$	<u>814,057</u>

The total amount of the Maxco Development, LLC loan was \$402,850 and began on July 20, 2017. This loan is payable in 35 monthly principal and interest payments of \$7,500 at an annual interest rate of 6%.

The total amount due on this loan at June 30, 2018 was \$346,742. Interest expense for the year ended June 30, 2018 was \$18,892.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 FOR THE PERIODS ENDED JUNE 30, 2018 AND 2017**

8. CDSC and Maxco Notes Payable (continued)

Projected amounts due on this loan for the next 5 years are as follows:

2018	\$	71,130
2019		75,518
2020		200,094
2021		-
2022		-
		<u>\$ 346,742</u>
2018 Interest Expense		
	CSDC	\$54,778
	Maxco	<u>18,892</u>
Total 2018 Interest Expense		<u>\$73,670</u>

9. Student Meals

Baton Rouge University Preparatory, Inc. manages the student meals for two other charter schools that are located on the same campus that the School occupied for a portion of the year. Baton Rouge University Preparatory, Inc. accumulates the total meals on a daily basis that are then submitted for reimbursement. The amount of reimbursement is based on rates established by the USDA.

10. Commitments and Contingencies

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

The School receives funds from the United States Department of Agriculture for the purposes of supporting the food service need of the students. This grant is subject to audit or review for certain compliance and other requirements as outlined in the Uniform Guidance and the terms of the grant. Such audit or review could lead to reimbursement of funds or cancellation of the program based on the number and severity of any noncompliance findings. It is the opinion of management that it is operating in compliance with the terms of the requirements as outlined in the Uniform Guidance and the terms of the program and that any disallowed costs or noncompliance findings will be negligible, if any. As such, no provision has been recorded in the accompanying financial statements for any such contingencies.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE PERIOD ENDING JUNE 30, 2018**

<u>Federal Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Federal Expenditure</u>
Department of Education pass-through programs:			
School Improvement Grants	84.377	N/A	\$ 105,030
Special Education Grants to States	84.027	N/A	49,674
Title I Grants to Local Educational Agencies	84.010	N/A	156,901
Title II Improving Teacher Quality State Grants	84.367	N/A	19,254
Special Education Grants to State Charter Schools (CSP)	84.282	N/A	<u>150,000</u>
Total Department of Education pass-through programs:			<u>480,859</u>
Department of Agriculture pass-through programs:			
National School Lunch Program	10.555	N/A	589,166
Total Department of Agriculture pass-through programs:			<u>589,166</u>
Total expenditures of federal awards			<u>\$ 1,070,025</u>

See accompanying notes and independent auditors' report.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE PERIOD ENDING JUNE 30, 2018**

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Baton Rouge University Preparatory School, Inc. under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Baton Rouge University Preparatory School, Inc. is reimbursed for actual costs incurred and does not use the 10% de Minimis indirect cost rate allowed under the Uniform Guidance.

See accompanying notes and independent auditors' report.

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

School Leader:	M. Turner
Salary	\$ 88,434
Benefits - Retirement	2,653
Benefits - Insurance	5,942
	<u>\$ 97,029</u>

See accompanying notes and independent auditors' report.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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

Board of Directors

Baton Rouge University Preparatory School, Inc.

Baton Rouge, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Baton Rouge University Preparatory Inc. (a non-profit organization) which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 3, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Baton Rouge University Preparatory Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Baton Rouge University Preparatory Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baton Rouge University Preparatory Inc.'s consolidated 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 consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

December 3, 2018

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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

Board of Directors
Baton Rouge University Preparatory School, Inc.
Baton Rouge, LA

Report on Compliance for Each Major Federal Program

We have audited Baton Rouge University Preparatory School, Inc.'s (a non-profit organization) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of Baton Rouge University Preparatory School, Inc.'s major federal programs for the year ended June 30, 2018. Baton Rouge University Preparatory School, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Baton Rouge University Preparatory School, Inc.'s compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigrepoint & Brian APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

December 3, 2018

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE PERIOD ENDING JUNE 30, 2018**

We have audited the consolidated financial statements of Baton Rouge University Preparatory School, Inc., as of June 30, 2018, and for the year then ended, and have issued our report thereon dated December 3, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the provisions of the Uniform Guidance. Our audit of the consolidated financial statements as of June 30, 2018 resulted in an unmodified opinion.

Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Consolidated Financial Statements

Internal Control			
Material Weaknesses	Yes	_____	No <u> X </u>
Significant Deficiencies	Yes	_____	No <u> X </u>
Compliance			
Compliance Material to Consolidated Financial Statements	Yes	_____	No <u> X </u>

B. Federal Awards

Internal Control			
Material Weaknesses	Yes	_____	No <u> X </u>
Significant Deficiencies	Yes	_____	No <u> X </u>
Type of Opinion on Compliance for Major Programs	_____ <u> Unmodified </u>		
Are there findings required to be reported in accordance with the Uniform Guidance	Yes	_____	No <u> X </u>
Was there a management letter issued	Yes	_____	No <u> X </u>

C. Identification of Major Programs

CFDA Number(s)	Name of Federal Program or Cluster
10.555	National School Lunch Program
Dollar threshold used to distinguish between Type A and Type B programs	_____ <u> \$750,000 </u>
Is the auditee a 'low risk' auditee as defined by the Uniform Guidance	Yes <u> X </u> No _____

Findings - Financial Statement Audit

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

Questioned Costs

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

See accompanying notes and independent auditors' report.

**BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE PERIOD ENDING JUNE 30, 2017**

Summary of Prior Audit Findings

There are no findings for the year ended June 30, 2017.

Questioned Costs

There are no questioned costs for the year ended June 30, 2017.

See accompanying notes and independent auditors' report.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Baton Rouge University Preparatory School, Inc.
Baton Rouge, LA

We have performed the procedures enumerated below, which were agreed to by the management of Baton Rouge University Preparatory School, Inc. and the Legislative Auditor, State of Louisiana, on the performance and statistical data accompanying the annual consolidated financial statements of Baton Rouge University Preparatory School, Inc. for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514.1. Management of Baton Rouge University Preparatory School, Inc. is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

Procedure #1

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

- Total General Fund Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Results of Procedure #1

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

Class Size Characteristics (Schedule 2)

Procedure #2

We obtained a list of classes by school, school type, and class size as reported on the Schedule. We then traced a random sample of 10 classes to the October 2nd roll books for those classes and determined if the class was

properly classified on the Schedule.

Results of Procedure #2

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

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.

This purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual consolidated financial statements of Baton Rouge University Preparatory School Inc., as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigrepoint & Brian CPA

Daigrepoint & Brian
Baton Rouge, LA

December 3, 2018

BATON ROUGE UNIVERSITY PREPARATORY SCHOOL, INC.
BATON ROUGE, LA

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

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

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

Schedule 2 – Class Size Characteristics

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

Baton Rouge University Preparatory School, Inc.
Baton Rouge, LA

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

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 995,345	
Other Instructional Staff Activities	25,150	
Instructional Staff Employee Benefits	216,764	
Purchased Professional and Technical Services	158,460	
Instructional Materials and Supplies	40,121	
Instructional Equipment	<u>7,726</u>	
Total Teacher and Student Interaction Activities		\$1,443,565
Other Instructional Activities		
Pupil Support Activities	20,273	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		20,273
Instructional Staff Services	50,211	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		<u>50,211</u>
School Administration	418,969	
Less: Equipment for School Administration	-	
Net School Administration	<u>418,969</u>	<u>418,969</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$1,933,018</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 7,726</u>

Baton Rouge University Preparatory School, Inc.
Baton Rouge, LA

Class Size Characteristics
As of October 2, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	44%	44	47%	47	0%			
Elementary Activity Classes	10%	8	6%	5	0%			
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

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

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Baton Rouge University Preparatory School, Inc.

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

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

1. Obtain and inspect the entity's 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
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) **Disbursements**, including processing, reviewing, and approving
 - d) **Receipts/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).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- 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.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Board or Finance Committee

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

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

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

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

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

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

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

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all

accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

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

Results: No exceptions noted as a result of applying this procedure.

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

Results: No exceptions noted as a result of applying this procedure.

- 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.

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

Collections

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

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

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

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

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

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

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

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

Exception: We noted that cash deposits were made within one business day but sequentially, pre-numbered receipts were not used.

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

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

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

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
 - c) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
 - a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

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

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

Payroll and Personnel

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

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

- 20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above' obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

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

Debt Service

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

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

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

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

Other

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

- 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.
- 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

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

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

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

Daigrepoint & Brian apac

Daigrepoint & Brian, APAC
Baton Rouge, LA

December 3, 2018