

Pelican Educational Foundation, Inc.

FINANCIAL STATEMENTS

June 30, 2017 and 2016



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRICpa.com

Pelican Educational Foundation, Inc.
Table of Contents
June 30, 2017

REPORT

Independent Auditors' Report	1
------------------------------	---

FINANCIAL STATEMENTS

Statements of Financial Position	3
----------------------------------	---

Statements of Activities	4
--------------------------	---

Statements of Functional Expenses	5
-----------------------------------	---

Statements of Cash Flows	7
--------------------------	---

Notes to the Financial Statements	8
-----------------------------------	---

SUPPLEMENTARY INFORMATION

Schedule of Agency Head Compensation	14
--------------------------------------	----

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS* AND THE *UNIFORM GUIDANCE*

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 <i>Government Auditing Standards</i>	15
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----

Independent Auditors' Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	17
---------------------------------------------------------------------------------------------------------------------------------------------------	----

Schedule of Expenditures of Federal Awards	20
--------------------------------------------	----

Note to Schedule of Expenditures of Federal Awards	21
----------------------------------------------------	----

Schedule of Findings and Questioned Costs	22
-------------------------------------------	----

Summary Schedule of Prior Year Audit Findings	24
-----------------------------------------------	----



Pelican Educational Foundation, Inc.
Table of Contents
June 30, 2017

SCHEDULES REQUIRED BY STATE LAW (PERFORMANCE STATISTICAL DATA)

Independent Accountants' Report on Applying Agreed-Upon Procedures	25
Schedule K-1: General Fund Instructional and Support Expenditures and Certain Local Revenue Sources for the Year Ended June 30, 2017	29
Schedule K-2: Education Levels of Public School Principals, Assistant Principals, and Full-Time Classroom Teachers	30
Schedule K-3: Number and Type of Public Schools	31
Schedule K-4: Experience of Public School Principals, Assistant Principals, and Full Time Classroom Teachers	32
Schedule K-5: Public School Staff Data	33
Schedule K-6: Class Size Characteristics	34
Schedule K-7: Louisiana Educational Assessment Program (LEAP)	35
Schedule K-9: iLEAP Tests	36



Report



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

(504) 837-9116
(504) 837-0123(fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Pelican Educational Foundation, Inc. (the "Foundation") (a nonprofit organization) (d/b/a Kenilworth Science & Technology Charter School), which comprise the Statements of Financial Position at June 30, 2017 and 2016, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation at June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of agency head compensation is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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 is also not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedules of performance statistical data as required by state law and referred to in our Independent Accountants' Report on Applying Agreed-Upon-Procedures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Carly Riggs & Ingram, L.L.C.

December 19, 2017



Financial Statements

Pelican Educational Foundation, Inc.
Statements of Financial Position

<i>June 30,</i>	2017	2016
Assets		
Current assets		
Cash and cash equivalents	\$ 1,761,145	\$ 1,668,121
Grants receivable	35,710	104,132
Prepaid expenses	8,542	30,818
Total current assets	1,805,397	1,803,071
Property and equipment, net	122,815	120,040
Total assets	\$ 1,928,212	\$ 1,923,111
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 74,277	\$ 170,514
Accrued expenses	390,247	429,529
Total current liabilities	464,524	600,043
Total liabilities	464,524	600,043
Net assets		
Unrestricted	1,463,688	1,323,068
Total net assets	1,463,688	1,323,068
Total liabilities and net assets	\$ 1,928,212	\$ 1,923,111

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

Pelican Educational Foundation, Inc.
Statements of Activities

<i>For the years ended June 30,</i>	2017	2016
Unrestricted net assets		
Revenues and support		
Local sources	\$ 3,648,776	\$ 3,517,400
State sources	2,372,106	2,343,892
Federal sources	754,153	791,841
Total revenues and support	6,775,035	6,653,133
Expenses		
Program services:		
Instructional	3,453,982	3,194,830
Management and general support	2,810,356	2,662,702
Food service	370,077	347,555
Total expenses	6,634,415	6,205,087
Increase in unrestricted net assets	140,620	448,046
Net assets, beginning of year	1,323,068	875,022
Net assets, end of year	\$ 1,463,688	\$ 1,323,068

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

Pelican Educational Foundation, Inc.
Statement of Functional Expenses

<i>For the year ended June 30, 2017</i>	Program		Support	Total
	Instructional	Food service	Management and general	
Salaries and benefits	\$ 2,853,150	\$ -	\$ 789,897	\$ 3,643,047
Student transportation services	-	-	817,975	817,975
Purchased professional services	202,886	-	565,158	768,044
Food service management	-	342,427	-	342,427
Materials and supplies	199,157	27,650	26,693	253,500
Advertising	-	-	125,455	125,455
Dues and fees	119,084	-	-	119,084
Energy	-	-	115,474	115,474
Repairs and maintenance	-	-	94,526	94,526
Rentals	-	-	55,855	55,855
Insurance	-	-	68,534	68,534
Travel	51,794	-	7,406	59,200
Communications	-	-	64,023	64,023
Other purchased services	-	-	34,492	34,492
Cleaning services	-	-	25,669	25,669
Depreciation	21,117	-	-	21,117
Utility services	-	-	10,552	10,552
Equipment	-	-	8,647	8,647
Books and periodicals	6,794	-	-	6,794
Total expenses	\$ 3,453,982	\$ 370,077	\$ 2,810,356	\$ 6,634,415

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

Pelican Educational Foundation, Inc.
Statement of Functional Expenses

<i>For the year ended June 30, 2016</i>	Program		Support	Total
	Instructional	Food service	Management and general	
Salaries and benefits	\$ 2,604,511	\$ -	\$ 785,852	\$ 3,390,363
Student transportation services	-	-	805,339	805,339
Purchased professional services	246,501	-	427,215	673,716
Food service management	-	323,481	-	323,481
Materials and supplies	153,471	24,074	27,633	205,178
Advertising	-	-	170,314	170,314
Dues and fees	113,475	-	-	113,475
Energy	-	-	103,545	103,545
Repairs and maintenance	-	-	75,918	75,918
Rentals	-	-	64,844	64,844
Insurance	-	-	65,935	65,935
Travel	52,740	-	12,347	65,087
Communications	-	-	47,089	47,089
Other purchased services	-	-	34,272	34,272
Cleaning services	-	-	27,930	27,930
Depreciation	19,468	-	-	19,468
Utility services	-	-	7,953	7,953
Equipment	-	-	6,516	6,516
Books and periodicals	4,664	-	-	4,664
Total expenses	\$ 3,194,830	\$ 347,555	\$ 2,662,702	\$ 6,205,087

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

Pelican Educational Foundation, Inc.
Statements of Cash Flows

<i>For the years ended June 30,</i>	2017	2016
Cash flows from operating activities		
Increase in net assets	\$ 140,620	\$ 448,046
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	21,117	19,468
Changes in operating assets and liabilities:		
Grants receivable	68,422	(10,104)
Prepaid expenses	22,276	(25,806)
Accounts payable	(96,237)	31,513
Accrued expenses	(39,282)	(20,269)
Net cash provided by operating activities	116,916	442,848
Cash flows from investing activities		
Purchase of property and equipment	(23,892)	(3,732)
Net cash used by investing activities	(23,892)	(3,732)
Net increase in cash and cash equivalents	93,024	439,116
Cash and cash equivalents, beginning of year	1,668,121	1,229,005
Cash and cash equivalents, end of year	\$ 1,761,145	\$ 1,668,121

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

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Pelican Educational Foundation, Inc. (the "Foundation") (a nonprofit organization) was created as a non-profit corporation under the laws of the State of Louisiana, on November 4, 2005. On March 12, 2009, the Board of Elementary and Secondary Education approved Pelican Educational Foundation, Inc.'s application to transform Kenilworth Middle, a consistently failing public school in East Baton Rouge Parish, into a high-performing college-preparatory science and technology oriented charter school serving grades 6 through 8. Kenilworth Science & Technology Charter School (Kenilworth) began their first year of school on August 7, 2009.

The Foundation operates under the direction of a seven member board of directors. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Foundation's instructional/support facility staffed by 68 personnel who provide services to approximately 560 students.

Basis of Accounting

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

Income Tax Status

The Foundation is a tax exempt organization under Internal Revenue Code Section 501(c)(3) and, as such, is not subject to income tax.

Public Support and Revenue

The Foundation receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give which are estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Grants receivable make up a significant portion of the Foundation's assets. Management has determined that these receivables are fully collectible, and therefore no allowance for doubtful accounts has been recorded.

Estimates

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

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

Financial statement presentation follows the provisions of the *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations, which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to such stipulations.
- Permanently Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Foundation.

Property and Equipment

Property and equipment are capitalized at cost and updated for additions and retirements during the year. The Foundation maintains and capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	15-30 years
Furniture and fixtures	7 years
Office and classroom equipment	5 years

Assets acquired with Department of Education funds are owned by the Foundation while used in the purpose for which it was purchased. The Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements

In August of 2016, the Financial Accounting Standards Board released Accounting Standards Update (FASB ASU) Nos. 2016-14 and 2016-02. ASU 2016-14 will significantly enhance the disclosure requirements for not-for-profit entities and the classifications of net assets. ASU 2016-02 alters the accounting for leases on a lessee's financial statements through the recognition of a right-of-use asset and a lease liability. Early adoption of these ASUs are permitted; however, for the year ended June 30, 2017, the Foundation has elected not to adopt these new accounting pronouncements.

Subsequent Events

Subsequent events have been evaluated through December 19, 2017, the date the financial statements were available to be issued, and no material events have been noted for disclosure.

NOTE 2: CASH AND CASH EQUIVALENTS

The Foundation maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended June 30, 2017 and 2016. The Foundation's cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the years ended June 30, 2017 and June 30, 2016. At June 30, 2017 and 2016, the Foundation's cash deposits exceeded the Federal Deposit Insurance Corporation limits by \$1,443,766 and \$1,439,164, respectively.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 and 2016, consisted of the following:

	2017	2016
Building and improvements	\$ 104,900	\$ 104,900
Furniture and fixtures	117,097	108,629
Office and classroom equipment	140,791	125,367
Less: Accumulated Depreciation	(239,973)	(218,856)
	\$ 122,815	\$ 120,040

Depreciation expense was \$21,117 and \$19,468 for the years ended June 30, 2017 and 2016, respectively.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 4: RETIREMENT PLAN

Employees of the Foundation are eligible to participate in the defined contribution plan administered by American United Life. The plan is a 403(b) defined contribution plan. Employees are allowed to make contributions during the year subject to limitations imposed by the IRS. The Foundation provides an Employer matching contribution of 5% of the employee's salary. The Foundation made contributions during the years ended June 30, 2017 and 2016 of \$132,064 and \$124,758, respectively.

NOTE 5: COMPENSATED ABSENCES

All contracted employees are granted eight (8) days of sick pay per year, provided, however, that the employee is contracted for a full year. At June 30, 2017 and 2016, the Foundation paid each employee for any unused sick pay the employee earned during the year.

NOTE 6: CONTINGENCIES

The continuation of Kenilworth Science and Technology Charter School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

NOTE 7: LEASE AGREEMENT

During the years ended June 30, 2017 and 2016, the Foundation leased a building from the East Baton Rouge Parish School Board (EBRPSB) for Kenilworth Science and Technology Charter School absent a lease agreement. The EBRPSB will forego any lease payments for the term of the lease. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement, the value of which is not readily determinable. Accordingly, the present value of the benefit to be received in future years has not been recorded.

NOTE 8: SIGNIFICANT CONCENTRATIONS

For the years ended June 30, 2017 and 2016, the Foundation received approximately 54% and 53% of its total revenue, respectively, from local sources, approximately 35% of its total revenue, for both years, from state public school funds, and approximately 11% and 12% of its total revenue, respectively, from federal programs.



Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 9: UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require the Foundation's management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation's management has analyzed the tax positions taken by the Foundation and has concluded that, at June 30, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.



Supplementary Information

Pelican Education Foundation, Inc.
Schedule of Agency Head Compensation
For the Year Ended June 30, 2017

Agency Head Name: Ibrahim Sel, Ph.D.

PURPOSE	AMOUNT
Salary	\$ 78,831
Benefits-health insurance	9,000
Benefits-retirement	3,942
Deferred compensation	-
Workers comp	-
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-Fica & Medicare	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	2,500
Travel	1,379
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings & conventions	-
Other	-
Total	\$ 95,652



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

(504) 837-9116
(504) 837-0123(fax)
www.CRIcpa.com

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

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Pelican Educational Foundation, Inc. (the "Foundation") (a nonprofit organization) (d/b/a Kenilworth Science & Technology Charter School), which comprise the Statement of Financial Position at June 30, 2017, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

December 19, 2017



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

(504) 837-9116
(504) 837-0123(fax)
www.CRIcpa.com

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

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the Pelican Educational Foundation Inc.'s (the "Foundation") (a nonprofit organization) (d/b/a Kenilworth Science and Technology Charter School) compliance with the types of compliance requirements described in the *Uniform Guidance* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2017. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Responses.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Foundation'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 the Foundation'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 of the Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Foundation'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 an 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 Foundation'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.

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

December 19, 2017

Pelican Educational Foundation, Inc.
Schedule of Expenditures of Federal Awards

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>	<i>Amount Passed Through to Subrecipient</i>	<i>Total Federal Expenditures (\$)</i>
United States Department of Education Title I Grants to Local Educational Agencies	84.010		\$ 231,038	-	\$ 231,038
Title II Grants to Local Educational Agencies (Supporting Effective Instruction State Grants)	84.367		44,111	-	44,111
United States Department of Education/ Special Education Cluster Special Education_Grants to States	84.027		121,761	-	121,761
<i>Total Department of Education</i>					396,910
United States Department of Agriculture/Direct Program/Child Nutrition Cluster National School Lunch Program	10.555		266,042	-	266,042
School Breakfast Program	10.553		103,714	-	103,714
Summer Food Service Program for Children	10.559		1,784	-	1,784
<i>Total Child Nutrition Cluster</i>					371,540
United States Department of Agriculture/Direct Program Child and Adult Care Food Program	10.558		10,401	-	10,401
<i>Total United States Department of Agriculture</i>					381,941
<i>Total Expenditures of Federal Awards</i>					\$ 778,851

See accompanying Note to the Schedule of Expenditures of Federal Awards.



Pelican Educational Foundation, Inc.
Note to Schedule of Expenditures of Federal Awards

NOTE 1: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Pelican Educational Foundation, Inc. (the "Foundation") (a nonprofit organization) (d/b/a Kenilworth Science & Technology Charter School) (a nonprofit organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the 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). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The Foundation has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Pelican Educational Foundation, Inc.
Schedule of Findings and Questioned Costs
June 30, 2017

A. SUMMARY OF AUDITORS' RESULTS

- The auditors' report expresses an unmodified opinion on the financial statements of Pelican Education Foundation, Inc. (the "Foundation") (a nonprofit organization) (dba Kenilworth Science & Technology Charter School)
- There were no instances of noncompliance material to the financial statements of the School, which would be required to be disclosed under *Government Auditing Standards*, were disclosed and identified during the audit.
- No significant deficiencies relating to the audit of the major federal award programs is reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
- The *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance* expresses an unmodified opinion on the major federal programs.
- There were no deficiencies relating to the audit of the major federal programs reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance*.
- There were no instances of noncompliance relating to the audit of major federal programs reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance*.
- A management letter was not issued for the year ended June 30, 2017.
- The program tested as a major program for the year ended June 30, 2017 was:

<u>Program Title</u>	<u>CFDA No.</u>
Child Nutrition Cluster	10.553/10.555/10.559

- The threshold for distinguishing between Type A and Type B programs was \$750,000.
- The Foundation was determined to be a low-risk auditee.



Pelican Educational Foundation, Inc.
Schedule of Findings and Questioned Costs
June 30, 2017

B. FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE

None noted.

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None noted.



**Pelican Educational Foundation, Inc.
Summary Schedule of Prior Year Audit Findings**

A. FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE

None noted.

B. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None noted.

C. MANAGEMENT LETTER

None issued.



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

(504) 837-9116
(504) 837-0123(fax)
www.CRIcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Pelican Educational Foundation, Inc. (the "Foundation") (a nonprofit organization) who operates Kenilworth Science & Technology Charter School (the "School") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin. The School is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

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

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

Results: None noted.

Education Levels of Public School Staff (Schedule K-2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2016.

Results: None noted.

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

Results: None noted.

4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2016 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's education level was properly classified on the schedule.

Results: We noted four (4) teachers' reported certifications were expired prior to October 1, 2016.

Management's Response: Management will design, implement and monitor internal controls to ensure accurate reporting of PEP data.

Number and Type of Public Schools (Schedule K-3)

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

Results: None noted.

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

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2016 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

Results: We noted five (5) teachers' experience level could not be verified through review of personnel files.

Management's Response: Management will design, implement and monitor internal controls to ensure retention of supporting documentation for reporting of PEP data.

Public Staff Data: Average Salaries (Schedule K-5)

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

Results: None noted.

Management's Response: Management will design, implement and monitor internal controls to ensure accurate reporting of PEP data.

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

Results: None noted.

Class Size Characteristics (Schedule K-6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2016 roll books for those classes and determined that the class was properly classified on the schedule.

Results: None noted.

Louisiana Educational Assessment Program (LEAP) (Schedule K-7)

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

Results: None noted.

iLEAP Tests (Schedule K-9)

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

Results: None noted.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Cam, Riggs & Ingram, L.L.C.

December 19, 2017

Pelican Education Foundation, Inc.
Schedule K-1
General Fund Instructional and Support Expenditures and
Certain Local Revenue Sources
For the Year Ended June 30, 2017

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:		
Classroom teacher salaries	\$ 1,990,243	
Other instructional staff activities	455,897	
Employee benefits	562,243	
Purchased professional and technical services	-	
Instructional materials and supplies	193,088	
Less instructional equipment	4,895	
Total teacher and student interaction activities	\$ 3,206,366	
Other instructional activities		53,091
Pupil support activities	\$ 203,199	
Less equipment for pupil support activities	-	
Net pupil support activities		203,199
Instructional Staff Services	\$ 85,779	
Less equipment for instructional staff services	-	
Net instructional staff services		85,779
School Administration	\$ 573,724	
Less: Equipment for School Administration	-	
Net school administration		573,724
Total general fund instructional expenditures		\$ 4,122,159
Total general fund equipment expenditures		\$ 4,895

Certain Local Revenue Sources:

This section is not applicable to Pelican Education Foundation, Inc.

Pelican Education Foundation, Inc.
Schedule K-2
Education Levels of Public School Staff
As of October 1, 2016

Category	Full-time Classroom Teachers				Principals and Assistant Principals			
	Certified		Uncertified		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	0%	-	0%	-	0%	-	0%
Bachelor's Degree	11	78%	17	81%	-	0%	-	0%
Master's Degree	5	22%	5	19%	2	100%	1	100%
Master's Degree +30	-	0%	-	0%	-	0%	-	0%
Specialist in Education	-	0%	-	0%	-	0%	-	0%
Ph. D. or Ed. D.	-	0%	2	0%	-	0%	-	0%
Total	16	100%	24	100%	2	100%	1	100%

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

Pelican Education Foundation, Inc.
Schedule K-3
Number and Type of Public Schools
For the Year Ended June 30, 2017

Type	2017
	Number
Elementary	-
Middle/Jr. High	1
Secondary	-
Combination	-
Total	1

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

Pelican Education Foundation, Inc.
Schedule K-4
Experience of Public Principals, Assistant Principals
and Full-Time Classroom Teachers
As of October 1, 2016

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	2	-	-	-	-	2
Classroom Teachers	14	11	13	2	-	-	-	40
Principals	-	-	-	1	-	-	-	1
Total	14	11	15	3	-	-	-	43

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

Pelican Education Foundation, Inc.
Schedule K-5
Public School Staff Data: Average Salaries
2016-2017 School Year

	All Classroom Teachers	Classroom Teachers Excluding ROTC And Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$49,366	\$49,366
Average Classroom Teacher's Salary Excluding Extra Compensation	\$47,150	\$47,150
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	40.29	40.29

Note: Amounts reported include all sources of funding (i.e. federal, state and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

Pelican Education Foundation, Inc.
Schedule K-6
Class Size Characteristics
As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	26%	49	48%	88	26%	48	-	-
Middle/Jr. High Activity Classes	20%	10	58%	29	22%	11	-	-
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.

Pelican Education Foundation, Inc.
Schedule K-7
Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	1%	2%	1%	0%	0%
Mastery	8%	16%	15%	12%	16%	8%
Basic	36%	45%	35%	19%	30%	23%
Approaching Basic	41%	27%	31%	52%	39%	48%
Unsatisfactory	14%	11%	17%	16%	15%	21%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3%	3%	0%	0%	0%	1%
Mastery	19%	17%	10%	12%	8%	2%
Basic	44%	22%	37%	29%	21%	30%
Approaching Basic	23%	40%	37%	43%	47%	51%
Unsatisfactory	11%	18%	16%	16%	24%	16%
Total	100%	100%	100%	100%	100%	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	1%	1%	0%	0%	2%
Mastery	15%	27%	25%	16%	12%	10%
Basic	31%	37%	35%	23%	22%	25%
Approaching Basic	31%	24%	23%	35%	43%	38%
Unsatisfactory	22%	11%	16%	26%	23%	25%
Total	100%	100%	100%	100%	100%	100%

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

Pelican Education Foundation, Inc.
Schedule K-9
iLEAP Tests
For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	1%	2%	N/A	3%
Mastery	7%	9%	8%	9%	N/A	8%
Basic	36%	41%	27%	24%	N/A	36%
Approaching Basic	41%	36%	43%	39%	N/A	31%
Unsatisfactory	16%	14%	21%	26%	N/A	22%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	2%	0%	2%	N/A	0%
Mastery	12%	10%	7%	11%	N/A	5%
Basic	39%	31%	30%	20%	N/A	47%
Approaching Basic	32%	33%	41%	28%	N/A	27%
Unsatisfactory	16%	24%	22%	39%	N/A	21%
Total	100%	100%	100%	100%	N/A	100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	1%	1%	2%	N/A	1%
Mastery	6%	8%	7%	15%	N/A	6%
Basic	34%	33%	31%	24%	N/A	42%
Approaching Basic	33%	34%	37%	31%	N/A	24%
Unsatisfactory	27%	24%	24%	28%	N/A	27%
Total	100%	100%	100%	100%	N/A	100%

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

PELICAN EDUCATIONAL FOUNDATION, INC.

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2017



CRI CARR
RIGGS &
INGRAM
CPAs and Advisors

CRICpa.com



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

(504) 837-9116
(504) 837-0123(fax)
www.CRIcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Pelican Educational Foundation, Inc.
and the Louisiana Legislative Auditor
7600 Boone Ave.
Baton Rouge, Louisiana 70808

We have performed the procedures enumerated below, which were agreed to by Pelican Educational Foundation, Inc. (the "Foundation") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Foundation's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

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

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

Results: We tested the above referenced policy and noted that the policy addresses the required elements above.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: We tested the above referenced policy and noted that the policy does not include the process for initiating and approving purchases or the process for adding vendors to the approved vendor list.

Management's Response: Management will review and revise the policy to address the required elements above. Additionally, management will design, implement and monitor internal controls to ensure the policy is adhered to.

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

Results: We tested the above referenced policy and noted that the policy does not include the process for receiving, reviewing, or approving cash disbursements.

Management's Response: Management will review and revise the policy to address the required elements above. Additionally, management will design, implement and monitor internal controls to ensure the policy is adhered to.

- d) **Receipts**, including receiving, recording, and preparing deposits

Results: We tested the above referenced policy and noted that the policy does not include the process for receiving, reviewing, or approving cash receipts.

Management's Response: Management will review and revise the policy to address the required elements above. Additionally, management will design, implement and monitor internal controls to ensure the policy is adhered to.

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

Results: We tested the above referenced policy and noted that the policy addresses the required elements above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Results: We tested the above referenced policy and noted that the policy does not include the types of services requiring contracts, standard terms and conditions for contracts, required approval of contracts, or the process for monitoring usage of contracts.

Management's Response: Management will review and revise the policy to address the required elements above. Additionally, management will design, implement and monitor internal controls to ensure the policy is adhered to.

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

Results: We tested the above referenced policy and noted that the policy does not include how the cards are controlled, allowable business uses for the cards, documentation requirements for purchases on the cards, or the required approvals for use of cards.

Management's Response: Management will review and revise the policy to address the required elements above. Additionally, management will design, implement and monitor internal controls to ensure the policy is adhered to.

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

Results: We tested the above referenced policy and noted that the policy does not include the dollar thresholds by category of expenses for employee reimbursements.

Management's Response: Management will review and revise the policy to address the required elements above. Additionally, management will design, implement and monitor internal controls to ensure the policy is adhered to.

Board

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

Results: We tested the Board meeting minutes for the fiscal year and noted that the Foundation's written policy requires the Board to meet at least every other month, for a total of six (6) meetings during the fiscal year. CRI determined that the Board met only met (5) times during the fiscal year.

Management's Response: Management will consult with the Board to determine the appropriate number of Board meetings to be held during the year and will update the policy to reflect their assessment. Management will work with the Board to ensure that the Board meets for the agreed-upon number of meetings.

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

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, we reported whether there was a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there was a formal/written plan, we reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board was monitoring the plan.

Results: We tested the Board minutes for the fiscal year and noted that actual-to-budget financials were presented to the Board. We did not note any deficit spending during the year.

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

Results: We tested the Board meeting minutes for the fiscal year and noted that Board minutes referenced or included non-budgetary financial information for at least one meeting during the fiscal period.

Bank Reconciliations

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

Results: We obtained the above referenced documentation and management's representation that the population was complete.

4. Using the listing provided by management, we selected all four (4) of the Foundation's bank accounts. For each bank account selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

a) Bank reconciliations have been prepared;

Results: We tested all bank reconciliations for the fiscal year and noted bank reconciliations for all months for all accounts during the fiscal period.

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

Results: We tested all bank reconciliations for the fiscal year and noted that bank reconciliation did not include evidence that a member of management or a Board member reviewed the bank reconciliations.

Management's Response: Management will design, implement and monitor a policy by which evidence of review can be obtained.

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

Results: We tested all bank reconciliations for the fiscal year and noted documentation reflecting that the Foundation had researched reconciling items that had been outstanding more than six (6) months as of the end of the fiscal period.

Collections

5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing was complete.

Results: We obtained the above referenced documentation and management's representation that the population was complete.

6. Using the listing provided by management, we selected the Foundation's only cash collection location. For the cash collection location selected:

a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported whether each person responsible for collecting cash was (1) bonded, (2) not responsible for depositing the cash in the bank, recording

the related transaction, or reconciling the related bank account, and (3) not required to share the same cash register or drawer with another employee. We also reported any compensating controls performed by an outside party.

Results: We tested the documentation referenced above and noted that not every person responsible for collecting cash was bonded, but that the Foundation had a general liability insurance policy that covered employee theft.

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

Results: We tested the documentation referenced above and noted that the Foundation did have a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers by a person who was not responsible for cash collections.

- c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using Foundation collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one (1) day of collection. If deposits were not made within one (1) day of collection, we reported the number of days from receipt to deposit for each day at each collection location.

Results: We tested two (2) collections for the week with the highest dollar amount of collections. Based on our testing of the collections and corresponding deposit records for the selected week, we noted that the deposit of both collections took place twenty-one (21) days after collection.

Management's Response: Management with design, implement and monitor controls to address the required elements above.

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

Results: We tested the above referenced documentation and did not note any collections which were not fully supported by documentation.

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

Results: We tested the above referenced documentation and noted that the Foundation did have a process specifically defined to determine completeness of all collections for each revenue source and agency fund addition by a person who was not responsible for collections.

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

8. We obtained a listing of the Foundation’s disbursements from management. We obtained management’s representation that the listing was complete.

Results: We obtained the above referenced documentation and management’s representation that the population was complete.

9. Using the disbursement population from #8 above, we randomly selected twenty-five (25) disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:

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

Results: Based on our testing of twenty-five (25) disbursements, no exceptions were noted.

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

Results: Based on our testing of twenty-five (25) disbursements, no exceptions were noted.

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

Results: Based on our testing of twenty-five (25) disbursements, no exceptions were noted.

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

Results: We tested the above referenced documentation and noted that the person responsible for processing payments was prohibited from adding vendors to the Foundation's purchasing/disbursement system.

- 11. Using Foundation documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the persons with signatory authority or who made the final authorization for disbursements had no responsibility for initiating or recording purchases.

Results: We tested the above referenced documentation and noted that persons with signatory authority or who made the final authorization for disbursements have no responsibility for initiating or recording purchases.

- 12. We inquired of management and observed whether the supply of unused checks was maintained in a locked location, with access restricted to those persons that did not have signatory authority, and reported any exceptions.

Results: Based on inquiry with management and our testing of the above referenced documentation, we noted that persons with signatory authority do not have system access to print checks.

- 13. If a signature stamp or signature machine was used, we inquired of the signer whether his or her signature was maintained under his or her control or was used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks were likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

Results: We tested the Foundation's written policies and noted that no signature stamp or signature machine was used or required.

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

14. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing was complete.

Results: We obtained the above referenced documentation and management's representation that the population was complete.

15. Using the listing prepared by management, we selected the only card that was used during the fiscal year. We obtained the monthly statements for the card. We selected the monthly statement with the largest dollar activity and:

a) Reported whether there was evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Results: We tested all credit card statements for the fiscal year and noted that there was evidence that the monthly statements and supporting documentation was reviewed and approved, in writing, by someone other than the authorized cardholder.

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

Results: We tested all credit card statements for the fiscal year and did not note any finance charges or late fees.

16. Using the monthly statement selected under #15 above, we obtained supporting documentation for all transactions for the card.

a) For each transaction, we reported whether the transaction was supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)
- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

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

Results: We tested six (6) transactions from the November 2016 credit card statement and did not note any transactions which lacked the above referenced support.

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

Results: We tested six (6) transactions from the November 2016 credit card statement and did not note any transactions which were not in accordance with the Foundation's written policies and the Louisiana Public Bid Law.

- c) For each transaction, we compared the Foundation's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions.

Results: We tested six (6) transactions from the November 2016 credit card statement and did not note any transactions whose business/public purpose appears to have violated the requirements of Article 7, Section 14 of the Louisiana Constitution.

Travel and Expense Reimbursement

- 17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period. We obtained management's representation that the listing was complete.

Results: We obtained the above referenced documentation and management's representation that the population was complete.

- 18. We obtained the Foundation's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and reported any amounts that exceeded GSA rates.

Results: We tested the above referenced policy and noted that the policy did not exceed the GSA rates.

19. Using the listing from #17 above, we selected the three (3) persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three (3) travel expenses selected:

a) We compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging).

Results: We tested sixteen (16) employee reimbursements for the three (3) employees with the highest dollar amount of reimbursements. We tested the highest dollar reimbursement for each employee and noted that the expenses selected were reimbursed in accordance with the written policies of the Foundation.

b) We reported whether each expense was supported by:

- An original itemized receipt that identifies precisely what was purchased.
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may have been required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Results: We tested the highest dollar reimbursement for each employee and noted that each expense was supported by an original itemized receipt that identified precisely what was purchased, documentation of the business purpose, and other documentation as may have been required by written policies of the Foundation.

c) We compared the Foundation's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

Results: We tested the above referenced documentation and did not note any business/public purpose that violated the requirements of Article 7, Section 14 of the Louisiana Constitution.

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

Results: We tested the highest dollar reimbursement for each employee and noted that each expense was supported by appropriate documentation and was approved by someone other than the person receiving the reimbursement.

Contracts

20. We obtained a listing of all contracts in effect during the fiscal period. We obtained management's representation that the listing was complete.

Results: We obtained the above referenced documentation and management's representation that the population was complete.

21. Using the listing above, we selected the five (5) contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:

- a) Reported whether there was a formal/written contract that supported the services arrangement and the amount paid.

Results: We obtained the contract for each of the five (5) vendors referenced above and noted that each was supported by a formal written contract.

- b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We reported whether each contract was subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, we obtained/compared supporting contract documentation to legal requirements and reported whether the Foundation complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, we obtained supporting contract documentation and reported whether the Foundation solicited quotes as a best practice.

Results: We tested the five (5) contracted vendors with the highest dollar amount of payments and noted that two (2) vendors appear to be subject to Louisiana Public Bid Law and noted that the Foundation appears to have complied with all the legal requirements. For the three (3) vendors who appeared to not be subject to Louisiana Public Bid Law, we obtained the documentation referenced above and noted that the Foundation did solicit quotes.

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

Results: Based on our testing of the five (5) contracts referenced above, we did not note any amendments.

- d) We selected the largest payment from each of the five contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.

Results: We tested the highest dollar payment for each of the five (5) contracts referenced above and noted that the invoice and related payment complied with the terms and conditions of the contract.

- e) We obtained/reviewed contract documentation and board minutes and reported whether there was documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: We tested the above referenced documentation and did not note any policy that required Board approval of contracts. However, a Board member did dual sign all checks greater than \$10,000 as required by policy.

Payroll and Personnel

- 22. We obtained a listing of employees with their related salaries, and obtained management's representation that the listing was complete. We randomly selected five (5) employees/officials, obtained their personnel files, and:

Results: We obtained the above referenced documentation and management's representation that the population was complete.

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

Results: We tested five (5) employees and their related employment contracts and noted that payments have been made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

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

Results: We tested five (5) employees and their related employment contracts and did not note any changes made to hourly pay rates/salaries during the fiscal year.

- 23. We obtained attendance and leave records and randomly selected one pay period in which leave has been taken by at least one (1) employee. Within that pay period, we randomly selected twenty-five (25) employees, and:

- a) We reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Results: We tested twenty-five (25) randomly selected employees and noted that all selected employees documented their daily attendance and leave.

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

Results: We tested twenty-five (25) randomly selected employees and noted written documentation of supervisor approval of attendance and leave for each of the selected employees.

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

Results: We tested the above referenced documentation and noted that the Foundation maintained leave records for each selected employee.

- 24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list was complete. If

applicable, we selected the two (2) largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two (2) employees/officials. We report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: We obtained the listing referenced above and management's representation that the list was complete. We selected two (2) termination payments for testing. Based on our testing of the selected payments, we noted that the payments were made in strict accordance with the policy and approved by management.

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

Results: We tested the above referenced documentation and noted that employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines.

Other

31. We inquired of management whether the Foundation had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the Foundation reported the misappropriation to the LLA and the district attorney of the parish in which the Foundation is domiciled.

Results: Based on our inquiry with management and testing of the general ledger, we noted that the Foundation did not appear to have any misappropriations of public funds or assets.

32. We observed and reported whether the Foundation has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: Based on our observation of the Foundation's website and premises, we noted the appropriate posting of the notice for misappropriate, fraud, waste or abuse of public funds.

33. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, we reported the nature of each exception.

Results: We did not observe or identify any exceptions.

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.

Cam, Riggs & Ingram, L.L.C.

December 19, 2017