

REDESIGN SCHOOLS LOUISIANA
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Redesign Schools Louisiana
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **Redesign Schools Louisiana (RSL)** which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Redesign Schools Louisiana
Baton Rouge, Louisiana

Auditors' Responsibility, Continued

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 auditor's judgment, including the assessment of the risks of material misstatement of RSL's financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to RSL'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 RSL'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 previously referred to present fairly, in all material respects, the financial position of RSL as of June 30, 2020, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors
Redesign Schools Louisiana
Baton Rouge, Louisiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2021 on our consideration of RSL'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 RSL's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

May 18, 2021

REDESIGN SCHOOLS LOUISIANA
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

CURRENT ASSETS:

Cash (NOTE 2)	\$ 337,317
Cash - restricted (NOTE 3)	750
Grants receivable (NOTE 4)	728,038
Other receivables (NOTE 5)	86,028
Prepaid items (NOTE 12)	<u>114,989</u>

Total current assets 1,267,122

NON-CURRENT ASSETS:

Non-current assets -0-

Total non-current assets -0-

Total assets \$1,267,122

CURRENT LIABILITIES:

Accounts payable vendors	\$ 639,331
Accrued salaries payable	67,168
Student activity funds (NOTE 3)	<u>750</u>

Total current liabilities 707,249

NON-CURRENT LIABILITIES:

Non-current liabilities -0-

Total non-current liabilities -0-

Total liabilities 707,249

NET ASSETS:

With donor restrictions (NOTE 7)	7,230
Without donor restrictions	<u>552,643</u>

Total net assets 559,873

Total liabilities and net assets \$1,267,122

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

REDESIGN SCHOOLS LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>Total</u>
OPERATING ACTIVITIES:			
Local Sources:			
Minimum Foundation Program	\$ <u>-0-</u>	\$ <u>5,247,152</u>	\$ <u>5,247,152</u>
Total local sources	<u>-0-</u>	<u>5,247,152</u>	<u>5,247,152</u>
State Sources:			
Minimum Foundation Program	-0-	3,452,878	3,452,878
Grants	100,000	151,434	251,434
Net assets released from donor restrictions	<u>(206,757)</u>	<u>206,757</u>	<u>-0-</u>
Total state sources	<u>(106,757)</u>	<u>3,811,069</u>	<u>3,704,312</u>
Federal grants	<u>-0-</u>	<u>2,343,495</u>	<u>2,343,495</u>
Total operating activities	<u>(106,757)</u>	<u>11,401,716</u>	<u>11,294,959</u>
OPERATING EXPENSES:			
Program services	-0-	7,999,849	7,999,849
Supporting services	<u>-0-</u>	<u>5,069,228</u>	<u>5,069,228</u>
Total operating expenses	<u>-0-</u>	<u>13,069,077</u>	<u>13,069,077</u>
Change in net assets from operating activities	<u>(106,757)</u>	<u>(1,667,361)</u>	<u>(1,773,118)</u>
NON-OPERATING ACTIVITIES:			
Other income	<u>-0-</u>	<u>361,786</u>	<u>361,786</u>
Total non-operating activities	<u>-0-</u>	<u>361,786</u>	<u>361,786</u>
Change in net assets from non-operating activities	<u>-0-</u>	<u>361,786</u>	<u>361,786</u>
Change in net assets from operating and non-operating activities	<u>(106,757)</u>	<u>(1,305,575)</u>	<u>(1,412,332)</u>
Net assets, as previously reported	113,814	2,004,518	2,118,332
Prior period adjustment (NOTE 18)	<u>173</u>	<u>(146,300)</u>	<u>(146,127)</u>
Net assets, as restated June 30, 2019	<u>113,987</u>	<u>1,858,218</u>	<u>1,972,205</u>
Net assets, June 30, 2020	<u>\$ 7,230</u>	<u>\$ 552,643</u>	<u>\$ 559,873</u>

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

REDESIGN SCHOOLS LOUISIANA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>WITH DONOR RESTRICTIONS</u>		<u>WITHOUT DONOR RESTRICTIONS</u>		<u>TOTAL</u>
	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	
EXPENSES					
Salaries	\$-0-	\$-0-	\$3,262,805	\$1,848,749	\$ 5,111,554
Employee benefits	-0-	-0-	791,714	163,739	955,453
Payroll taxes	-0-	-0-	276,993	91,224	368,217
Communications	-0-	-0-	173,064	-0-	173,064
Professional services	-0-	-0-	323,381	363,290	686,671
Management fees	-0-	-0-	-0-	1,136,660	1,136,660
Food services management	-0-	-0-	468,479	-0-	468,479
Repairs and maintenance	-0-	-0-	735,295	-0-	735,295
Utilities	-0-	-0-	224,249	-0-	224,249
Student transportation	-0-	-0-	895,528	-0-	895,528
Material and supplies	-0-	-0-	302,159	52,671	354,830
Technology related supplies	-0-	-0-	214,775	-0-	214,775
Insurance	-0-	-0-	-0-	194,375	194,375
Curriculum	-0-	-0-	121,599	-0-	121,599
Educational services	-0-	-0-	87,586	625,601	713,187
Equipment rental	-0-	-0-	80,549	-0-	80,549
Dues and fees	-0-	-0-	-0-	179,494	179,494
Professional development	-0-	-0-	-0-	142,013	142,013
Support to other programs	-0-	-0-	-0-	266,893	266,893
Travel	-0-	-0-	-0-	4,519	4,519
Other	-0-	-0-	14,195	-0-	14,195
Disposal services	-0-	-0-	<u>27,478</u>	<u>-0-</u>	<u>27,478</u>
Total expenses	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$7,999,849</u>	<u>\$5,069,228</u>	<u>\$13,069,077</u>

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

REDESIGN SCHOOLS LOUISIANA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES

Change in net assets	\$ (1,558,459)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in assets and liabilities:	
Decrease in grants receivables	1,516,465
Decrease in other receivable	266,139
Decrease in prepaid items	11,480
Decrease in accounts payable vendors	(631,996)
Decrease in accrued salaries payable	<u>(53,259)</u>
Net cash provided by operating activities	<u>1,108,829</u>
Net decrease in cash	(449,630)
Cash - July 1, 2019	<u>787,697</u>
Cash - June 30, 2020	\$ <u><u>338,067</u></u>

NOTE:	Recap of Cash:	
	Cash - restricted	\$ 750
	Cash	<u>337,317</u>
	Total	\$ <u><u>338,067</u></u>

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

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - BACKGROUND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Background

Redesign Schools Louisiana previously is a non-profit public benefit corporation organized under the laws of the State of Louisiana under the name of Celerity Schools Louisiana. During the year ended June 30, 2020, **RSL** changed its name to **Redesign Schools Louisiana (RSL)**. **RSL** commenced operations during the 2014-2015 fiscal year. **RSL** currently operates a Network Office and three charter schools. Crestworth Middle School's building is maintained by **RSL** without the operation of a School under an arrangement with the Louisiana Department of Education. The term and sponsoring agency for each of the charter schools is as follows:

<u>Charter Name</u>	<u>Term of Charter</u>	<u>Sponsoring Agency</u>
Crestworth Middle School	5 years	Louisiana Department of Education
Lanier Elementary School	5 years	Louisiana Department of Education
Dalton Elementary School	5 years	Louisiana Department of Education
Glen Oaks Middle School	4 years	Louisiana Department of Education

The mission of **RSL** is to provide schools where at-risk students will thrive in an atmosphere of high expectations and engaging curriculum with challenging learning activities.

Principles of Accounting

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

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Funding

RSL receives its primary funding from the State of Louisiana's Minimum Foundation Program, pass-through awards, as well as other direct funding from the Federal Emergency Management Agency.

Property and Equipment

RSL follows the practice of capitalizing at cost, all property and equipment acquisitions with a unit cost of \$5,000 and over. Depreciation is computed under the straight-line method for all depreciable assets over their respective estimated useful lives. RSL depreciates property and equipment over a five (5) to ten (10) year period.

Donations of property and equipment are recorded as contributions at their fair value at date of donation. Such donations are reported as without donor restriction contribution unless restricted by donor.

Amortization is recorded at rates designed to amortize cost over estimated useful lives.

Property and equipment acquired under grants vest subject to use, management and disposition requirements.

Capital leases and related liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Use of Restricted Resources

It is the practice of **RSL** to use restricted resources based on donor restrictions and consistent with its mission. See page 11 for additional discussion with regards to presentation of donor and/or without donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and supporting services in the accompanying statement of functional expenses.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Occupancy	Square footage
Professional fees	Full time equivalent
Depreciation	Square footage
Other	Time and effort

Statement of Cash Flows

For purposes of the statement of cash flows, **RSL** considers all investments with original maturities of three months or less to be cash equivalents. At June 30, 2020, **RSL** had no cash equivalents.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Financial Statement Presentation

Under Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) Section 958-605, *Not-For-Profit Entities, Revenue Recognition*, RSL must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value.

Presentation of Financial Statements

RSL's financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit Guide for Not-for-Profit Organizations" (the Guide) update No. 2016-14. ASC 958-205 was effective January 1, 2018. Under provisions of the Guide net assets of RSL are classified to present the following based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of RSL are classified as follows:

- Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of RSL's. RSL's board may designate assets without restrictions for specific operational purposes from time to time. Some donor restrictions are temporary in nature; those restrictions will be met by actions of RSL or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to RSL's ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs, and other activities considered to be a more unusual or nonrecurring nature.

Fair Value of Financial Instruments

The estimated fair value of all significant financial statement amounts have been determined by RSL using available market information and appropriate valuation methodologies.

RSL considers the carrying amounts of cash, other and grants receivables, prepaid items, and amounts and other payables to be at fair market.

Budgetary Data

RSL formally adopts a budget. The budgetary data are submitted to the State of Louisiana for approval.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfers. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram activities are netted at the combined financial statements level.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Total Memorandum Only

The total column on the accompanying combining financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Standards Update - 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease terms, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than twelve (12) months. The requirements of this statement have been postponed for reporting periods beginning after December 15, 2021. **RSL** has not assessed the potential impact of this guidance on its financial statements.

NOTE 2 - CASH:

RSL maintains its bank accounts in one operating account with interfund transactions to account for the cash receipts and disbursements by fund. As of June 30, 2020 the collected bank balance was \$674,910 and a book balance of \$337,317. The use of interfund accounts must be taken into account when reviewing book balance of cash accounts in determining the cash position of each fund.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - CASH, CONTINUED:

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). RSL maintains its cash in bank deposit accounts that at times may exceed federally insured limits. RSL does not have a deposit policy and has not experienced any losses in such accounts. At June 30, 2020, RSL has a total collected bank balance of \$424,910 in excess of the FDIC insured limit. See other matters report reference number OM 2020-001 and NOTE 10 for additional discussions.

NOTE 3 - CASH - RESTRICTED:

At June 30, 2020, restricted cash of \$750 consisted of funds held for student related activity.

NOTE 4 - GRANTS RECEIVABLE:

At June 30, 2020, grants receivable consisted of costs incurred in excess of funds reimbursed for pass-through programs funded by the Departments of Education and Agriculture. A detail by funding source follows:

	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Total</u>
U.S. Department of Education	\$213,723	\$472,853	\$30,666	\$717,242
U.S. Department of Agriculture	<u>-0-</u>	<u>10,796</u>	<u>-0-</u>	<u>10,796</u>
Total grants receivable	<u>\$213,723</u>	<u>\$483,649</u>	<u>\$30,666</u>	<u>\$728,038</u>

NOTE 5 - OTHER RECEIVABLES:

At June 30, 2020 other receivables represent \$86,028 due from a third party administrator for donations to cover school related expenses.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - INCOME TAXES:

RSL is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 7 - CONTINGENCIES AND COMMITMENTS:

RSL is a recipient of funding from the State of Louisiana's Minimum Foundation Program to include other grants received through the State of Louisiana. The funding is governed by various guidelines, regulations and contractual agreements. The administration of the program and activities funded is under the control and administration of **RSL** and is subject to audit and/or review by the applicable funding source. Any funds found to be not properly spent in accordance with the terms, conditions and regulations of the funding sources may be subject to recapture.

On April 3, 2019, **RSL** executed a grant agreement with New Schools for Baton Rouge in the amount of \$500,000 for the creation, establishment, and operation of Glen Oaks Middle School.

Based on milestone due dates, the agreement establishes at June 30, 2020, three (3) remaining payments of \$100,000 per year through July 15, 2021. At June 30, 2020 the remaining funds total \$200,000.

NOTE 8 - RISK MANAGEMENT:

RSL is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets for which **RSL** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 9 - CONCENTRATION OF REVENUE SOURCE:

RSL receives primarily all of its support from the State of Louisiana. If the amount of revenue received should fall below award budgeted levels, **RSL's** operating results could be adversely affected.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 10 - CONCENTRATION OF CREDIT RISK:

Financial instruments which potentially subject RSL to concentrations of credit risk consist principally of cash. See NOTE 2 for additional discussion.

NOTE 11 - PER DIEM TO BOARD OF DIRECTORS:

During the year ended June 30, 2020, no board member received per diem in his or her capacity as director.

NOTE 12 - PREPAID ITEMS:

At June 30, 2020, prepaid items consisted of the following:

Security deposit	\$ 22,999
Prepaid insurance	<u>91,990</u>
	<u>\$114,989</u>

NOTE 13 - RETIREMENT:

Effective January 1, 2015, RSL established an employee 403(b) plan (the Plan). Generally, the Plan is available to employees upon being hired. Full-time certified employees (teachers, principal and curriculum specialists), once enrolled, are eligible to receive 5% of their compensation in the Plan. Currently, unclassified employees of RSL are not eligible to receive benefits from the Plan. For the year ended June 30, 2020, employer contribution expense was \$48,579.

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - SUBSEQUENT EVENTS:

RSL is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition and/or disclosure in the accompanying financial statements. **RSL** performed such an evaluation through May 18, 2021, the date on which the accompanying financial statements were available to be issued, and noted no subsequent events or transactions that occurred requiring recognition and/or disclosure.

NOTE 15 - RELATED PARTY:

At June 30, 2020, **RSL** has an executed management agreement with ReFONTE (A Louisiana nonprofit corporation charter management organization) effective July 1, 2014. Said agreement includes responsibility and accountability to **RSL** for the management of **RSL**. For the year ended June 30, 2020, total fees paid for the referenced services were \$1,136,660.

NOTE 16 - LEASES:

RSL maintains operating leases for equipment. The operating leases for equipment automatically renew annually, unless **RSL** opts-out of continuation. Operating lease expense for the year ended June 30, 2020 totaled \$80,346.

NOTE 17 - LIQUIDITY:

RSL's financial assets available within one year of the statement of financial position date for general expenses are as follows:

Cash	\$ 337,317
Grants receivable	728,038
Accounts receivable	<u>86,028</u>
	1,151,383
Less accounts payable	<u>(706,499)</u>
	\$ <u>444,884</u>

REDESIGN SCHOOLS LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 17 - LIQUIDITY, CONTINUED:

RSL's financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the financial position.

As part of **RSL's** liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, **RSL** invests cash in excess of projected requirements in investments.

NOTE 18 - PRIOR PERIOD ADJUSTMENT:

At June 30, 2020, prior period adjustment represents a correction which resulted from disallowed cost for the Alternative Procedures Pilot Program previously reported through the June 30, 2019 financial statements.

NOTE 19 - CORONAVIRUS:

On January 30, 2020, the World Health Organization declared the Corona Virus "COVID-19" as a global health emergency. On March 13, 2020, the President of the United States of America declared a national emergency. Management of **RSL** continues to assess the impact of COVID-19 on its overall operations as it navigates through initiatives guidelines and various executive orders mandated by the Governor for the State of Louisiana and the Mayor for the City of Baton Rouge.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Directors
Redesign Schools Louisiana
Baton Rouge, Louisiana

Other Matters

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of **Redesign Schools Louisiana (RSL)** as of and for the year ended June 30, 2020, and have issued our report dated May 18, 2021 which contained an unmodified opinion on the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for the purposes of additional analysis as required by *the Uniform Guidance* and is not a required part of the financial statements. The information in Schedule I is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 accompanying Schedule I is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)**

Other Matters, Continued

Other Supplementary Information

The other supplementary information, Schedule II and Exhibits I, II and III on pages 24 through 29 which is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statement has been subjected to auditing procedures applied in the audit of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 accompanying other supplementary information (Schedule II and Exhibits I, II and III) is fairly stated, in all material respects, in relation to the financial statements as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

May 18, 2021

REDESIGN SCHOOLS LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Program Funded by the U.S. Department of Agriculture</u>		
<i><u>Awards From a Pass-Through Entity</u></i>		
<u>Pass-Through: LA State Department of Education</u> National School Lunch Program	10.555	\$ <u>473,381</u>
Total Pass-Through U.S. Department of Agriculture		<u>473,381</u>
<u>Programs Funded by the U.S. Department of Education</u>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Pass-Through: LA State Department of Education</u>		
Title I, Part A - Grants to Local Educational Agencies	84.010	575,669
Title II, Part A - Teacher and Principal Training and Recruiting Fund	84.367	64,453
Title IVA- Student Support and Enrichment Grant	84.424	46,642
Individuals with Disabilities Education Act (IDEA) Part B	84.027	197,784
Education Excellence Funds	xx.xxx	24,947
School Redesign Grant	84.010A	178,249
LA-4 Program	84.419B	182,284
Striving Readers Comprehensive Literacy Consolidated (SRCC)	84.371C	118,466
Charter School Program	84.282A	195,667
Direct Student Services	84.010A	19,334
State Personnel Development Grant	84.323A	12,214
ESSA Formula Grant (Strong Start)	84.425D	<u>22,168</u>
Page total Pass-Through U. S. Department of Education		<u>1,637,877</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Programs Funded by the U.S. Department of Education
Awards from a Pass Through Entity, Continued

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>Pass-Through: New Schools Baton Rouge</u>		
Louisiana Believe and Succeeding Reach to the Top	84.413A	\$ <u>230,904</u>
Total Pass-Through New Schools Baton Rouge		<u>230,904</u>
Total Pass-Through U. S. Department of Education		<u>1,868,781</u>
<u>Federal Emergency Management Agency</u>		
<u>Direct Funding</u>		
Alternative Procedures Pilot Program	97.036	<u>144,679</u>
Total Direct Funding Federal Emergency Management Agency		<u>144,679</u>
Total Expenditures of Federal Awards		<u>\$2,486,841</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards included in the federal grant activity of **Redesign Schools Louisiana** 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 (CFR) part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*). **Redesign Schools Louisiana** has not elected to use the 10-percent de minimus indirect cost rate allowed under *Uniform Guidance*.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE II

**REDESIGN SCHOOLS LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
FOR YEAR ENDED JUNE 30, 2020**

Agency Head: Angela Beck

Salary	\$147,000
Benefits - Health	4,007
Benefits - Tuition	13,798
Benefits - Social security	7,777
Benefits - Medicare	2,195
Benefits - Unemployment	163
Car allowance	<u>6,000</u>
	<u>\$180,940</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
COMBINING STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Crestworth Middle School	Lanier Elementary School	Dalton Elementary School	Glen Oaks Middle School	Redesign Schools Network Office	Elimination	Total (Memorandum Only)
Current Assets:							
Cash	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 337,317	\$ -0-	\$ 337,317
Cash-restricted	250	250	250	-0-	-0-	-0-	750
Grants receivable	-0-	213,723	483,649	30,666	-0-	-0-	728,038
Other receivables	33,361	-0-	-0-	-0-	52,667	-0-	86,028
Due from other programs	-0-	147,402	121,305	-0-	883,088	(1,151,795)	-0-
Prepaid items	<u>3,863</u>	<u>31,582</u>	<u>31,897</u>	<u>8,928</u>	<u>38,719</u>	<u>-0-</u>	<u>114,989</u>
Total current assets	<u>\$ 37,474</u>	<u>\$392,957</u>	<u>\$637,101</u>	<u>\$ 39,594</u>	<u>\$1,311,791</u>	<u>\$(1,151,795)</u>	<u>\$1,267,122</u>
Current Liabilities:							
Accounts payable - vendors	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$639,331	\$ -0-	\$ 639,331
Accrued salaries payable	-0-	-0-	-0-	-0-	67,168	-0-	67,168
Student activity funds	250	250	250	-0-	-0-	-0-	750
Due to other programs	<u>37,224</u>	<u>-0-</u>	<u>-0-</u>	<u>242,386</u>	<u>872,185</u>	<u>(1,151,795)</u>	<u>-0-</u>
Total current liabilities	<u>37,474</u>	<u>250</u>	<u>250</u>	<u>242,386</u>	<u>1,578,684</u>	<u>(1,151,795)</u>	<u>707,249</u>
Non-current Liabilities:							
Non-current liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total noncurrent liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>37,474</u>	<u>250</u>	<u>250</u>	<u>242,386</u>	<u>1,578,684</u>	<u>(1,151,795)</u>	<u>707,249</u>
Net Assets:							
With donor restrictions	-0-	-0-	-0-	7,230	-0-	-0-	7,230
Without donor restrictions	<u>-0-</u>	<u>392,707</u>	<u>636,851</u>	<u>(210,022)</u>	<u>(266,893)</u>	<u>-0-</u>	<u>552,643</u>
Total net assets	<u>-0-</u>	<u>392,707</u>	<u>636,851</u>	<u>(202,792)</u>	<u>(266,893)</u>	<u>-0-</u>	<u>559,873</u>
Total liabilities and net assets	<u>\$ 37,474</u>	<u>\$392,957</u>	<u>\$637,101</u>	<u>\$ 39,594</u>	<u>\$1,311,791</u>	<u>\$(1,151,795)</u>	<u>\$1,267,122</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Crestworth Middle School</u>	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
OPERATING REVENUES:							
Local Sources							
Minimum Foundation Program	\$ -0-	\$1,700,440	\$1,766,739	\$1,779,973	\$ -0-	\$ -0-	\$ 5,247,152
Total local sources	<u>-0-</u>	<u>1,700,440</u>	<u>1,766,739</u>	<u>1,779,973</u>	<u>-0-</u>	<u>-0-</u>	<u>5,247,152</u>
State Sources:							
Minimum Foundation Program	-0-	1,113,773	1,161,084	1,178,021	-0-	-0-	3,452,878
Grants with restrictions	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Grants without restrictions	-0-	3,600	4,320	3,907	32,850	-0-	44,677
Net assets released from donor restrictions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>206,757</u>	<u>-0-</u>	<u>-0-</u>	<u>206,757</u>
Total state sources	<u>-0-</u>	<u>1,117,373</u>	<u>1,165,404</u>	<u>1,388,685</u>	<u>32,850</u>	<u>-0-</u>	<u>3,704,312</u>
Federal grants	<u>83,290</u>	<u>824,355</u>	<u>858,891</u>	<u>576,959</u>	<u>-0-</u>	<u>-0-</u>	<u>2,343,495</u>
Total operating revenues	<u>83,290</u>	<u>3,642,168</u>	<u>3,791,034</u>	<u>3,745,617</u>	<u>32,850</u>	<u>-0-</u>	<u>11,294,959</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
COMBINING STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Crestworth Middle School</u>	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
EXPENSES:							
Program services	\$ 155,086	\$2,148,409	\$3,212,756	\$2,287,802	\$ 195,796	\$ -0-	\$ 7,999,849
Supporting services	<u>22,253</u>	<u>1,647,529</u>	<u>1,467,562</u>	<u>1,779,594</u>	<u>1,035,378</u>	<u>(883,088)</u>	<u>5,069,228</u>
Total expenses	<u>177,339</u>	<u>3,795,938</u>	<u>4,680,318</u>	<u>4,067,396</u>	<u>1,231,174</u>	<u>(883,088)</u>	<u>13,069,077</u>
Change in net assets from operating activities	<u>(94,049)</u>	<u>(153,770)</u>	<u>(889,284)</u>	<u>(321,779)</u>	<u>(1,198,324)</u>	<u>883,088</u>	<u>(1,774,118)</u>
NON-OPERATING REVENUES:							
Support from other programs	266,893	-0-	-0-	-0-	883,088	(883,088)	266,893
Other income	<u>510</u>	<u>41,040</u>	<u>-0-</u>	<u>5,000</u>	<u>48,343</u>	<u>-0-</u>	<u>94,893</u>
Change in net assets from non-operating activities	<u>267,403</u>	<u>41,040</u>	<u>-0-</u>	<u>5,000</u>	<u>931,431</u>	<u>(883,088)</u>	<u>361,786</u>
Change in net assets from operating and non-operating activities	<u>173,354</u>	<u>(112,730)</u>	<u>(889,284)</u>	<u>(316,779)</u>	<u>(266,893)</u>	<u>-0-</u>	<u>(1,412,332)</u>
Net assets, as previously reported June 30, 2019	(173,111)	650,748	1,526,881	113,814	-0-	-0-	2,118,332
Prior period adjustment	<u>(243)</u>	<u>(145,311)</u>	<u>(746)</u>	<u>173</u>	<u>-0-</u>	<u>-0-</u>	<u>(146,127)</u>
Net assets, as restated June 30, 2019	<u>(173,354)</u>	<u>505,437</u>	<u>1,526,135</u>	<u>113,987</u>	<u>-0-</u>	<u>-0-</u>	<u>1,972,205</u>
Net assets - June 30, 2020	<u>\$ -0-</u>	<u>\$ 392,707</u>	<u>\$ 636,851</u>	<u>\$ (202,792)</u>	<u>\$ (266,893)</u>	<u>\$ -0-</u>	<u>\$ 559,873</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Crestworth Middle School</u>	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
EXPENSES							
Program services:							
Salaries	\$ -0-	\$ 893,584	\$1,364,295	\$ 893,695	\$ 111,231	\$ -0-	\$3,262,805
Employee benefits	-0-	246,238	306,862	227,693	10,921	-0-	791,714
Payroll taxes	-0-	76,729	109,632	82,481	8,151	-0-	276,993
Communications	17,026	33,374	55,121	35,858	31,685	-0-	173,064
Professional services	16,920	60,325	117,560	103,851	24,725	-0-	323,381
Management fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Food services management	-0-	159,884	190,412	118,183	-0-	-0-	468,479
Repairs and maintenance	62,256	83,436	448,444	141,159	-0-	-0-	735,295
Utilities	54,402	46,729	51,222	71,896	-0-	-0-	224,249
Student transportation	743	272,924	315,656	306,205	-0-	-0-	895,528
Material and supplies	-0-	103,194	86,242	103,715	9,008	-0-	302,159
Technology related supplies	-0-	27,622	27,984	159,094	75	-0-	214,775
Insurance	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Curriculum	-0-	36,918	72,751	11,930	-0-	-0-	121,599
Educational services	-0-	53,545	20,825	13,216	-0-	-0-	87,586
Equipment rental	-0-	43,097	31,716	5,736	-0-	-0-	80,549
Dues and fees	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Professional development	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Support to other programs	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Travel expense	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Other	-0-	3,821	3,930	6,444	-0-	-0-	14,195
Disposal services	<u>3,739</u>	<u>6,989</u>	<u>10,104</u>	<u>6,646</u>	<u>-0-</u>	<u>-0-</u>	<u>27,478</u>
 Total program services	 <u>155,086</u>	 <u>2,148,409</u>	 <u>3,212,756</u>	 <u>2,287,802</u>	 <u>195,796</u>	 <u>-0-</u>	 <u>7,999,849</u>

See Independent Auditors' Report on Supplementary Information.

REDESIGN SCHOOLS LOUISIANA
COMBINING STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Crestworth Middle School</u>	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
EXPENSES							
Supporting services:							
Salaries	\$ -0-	\$ 405,574	\$ 343,949	\$ 570,320	\$ 528,906	\$ -0-	\$ 1,848,749
Employee benefits	1,308	46,233	43,852	50,081	22,265	-0-	163,739
Payroll taxes	-0-	18,994	16,848	18,155	37,227	-0-	91,224
Communications	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Professional services	8,667	77,018	106,394	130,029	41,182	-0-	363,290
Management fees	-0-	398,375	344,856	393,429	-0-	-0-	1,136,660
Food services management	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Repairs and maintenance	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Cleaning services	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Student transportation	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Material and supplies	-0-	31,469	11,449	9,753	-0-	-0-	52,671
Technology related supplies	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Insurance	11,485	18,003	11,312	14,688	138,887	-0-	194,375
Curriculum	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Educational services	-0-	209,391	177,170	239,040	-0-	-0-	625,601
Equipment rental	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Dues and fees	793	58,170	60,244	60,287	-0-	-0-	179,494
Professional development	-0-	91,483	50,530	-0-	-0-	-0-	142,013
Support to other programs	-0-	291,419	300,250	291,419	266,893	(883,088)	266,893
Travel expense	-0-	1,400	708	2,393	18	-0-	4,519
	<u>22,253</u>	<u>1,647,529</u>	<u>1,467,562</u>	<u>1,779,594</u>	<u>1,035,378</u>	<u>(883,088)</u>	<u>5,069,228</u>
Total supporting services							
Total expenses	<u>\$177,339</u>	<u>\$3,795,938</u>	<u>\$4,680,318</u>	<u>\$4,067,396</u>	<u>\$1,231,174</u>	<u>\$(883,088)</u>	<u>\$13,069,077</u>

See Independent Auditors' Report on Supplementary Information.

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

To the Board of Directors
Redesign Schools Louisiana
Baton Rouge, Louisiana

We have audited 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 of America, the financial statements of **RSL** as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise **RSL's** financial statements, and have issued our report thereon dated May 18, 2021.

Internal Control Over Financial Reporting

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

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

Internal Control Over Financial Reporting, Continued

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

A deficiency in internal control over financial reporting 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 significant deficiency over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of RSL's financial statements will not be prevented, or detected and corrected in a timely basis.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether RSL'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 that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of RSL's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RSL's internal control over financial reporting 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.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

May 18, 2021

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

To the Board of Directors
Redesign Schools Louisiana
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited **Redesign Schools Louisiana (RSL's)** compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on **RSL's** major federal programs for the year ended June 30, 2020. **RSL's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

Management's Responsibility

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of RSL's major federal programs based on our audit of the types of compliance requirements previously described. 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 of America; and the audit requirements of Title II of the United States *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 RSL'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 RSL's compliance.

Opinion on Major Federal Program

In our opinion, RSL 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, 2020.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Report on Internal Control Over Compliance

Management of RSL is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements previously discussed. In planning and performing our audit of compliance, we considered RSL's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal programs 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 RSL's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in RSL's internal control over compliance that might be significant deficiencies, or material weaknesses. 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.

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.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY *THE UNIFORM GUIDANCE*
(CONTINUED)

Report on Internal Control Over Compliance, Continued

A *significant deficiency* in internal control over compliance is a deficiency or a combination of control deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* in internal control over compliance in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control 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 in a timely basis.

Purpose of this Report

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.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

May 18, 2021

REDESIGN SCHOOLS LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None Reported
• Significant deficiency (ies) identified?	None
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control Over Major Programs:	
• Material weakness(es) identified?	None Reported
• Significant deficiency (ies) identified?	None
Type of auditors' report issued on compliance for major programs:	No
Any audit findings disclosed that are required to be reported in accordance with the requirements of <i>the Uniform Guidance</i> ?	No

REDESIGN SCHOOLS LOUISIANA
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Program:	10.555 - National School Lunch Program
	84.010 - Title I, part A - Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings and Questioned Costs

No financial statement findings were reported for the year ended June 30, 2020

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the year ended June 30, 2020.

Section IV - Status of Prior Year's Findings and Questioned Costs

No prior year findings and questioned costs were reported for the year ended June 30, 2020.

REDESIGN SCHOOLS LOUISIANA

EXIT CONFERENCE

The financial statements and all related reports were discussed at a meeting held with management of **Redesign Schools Louisiana** noting agreement in all material respects.

Those who participated in the discussion are as follows:

REDESIGN SCHOOLS LOUISIANA

Genevieve Pope	-- Board President
A. McGaha	-- Board Treasurer/Secretary
Justin Chatelain	-- Member
Marie Mullen	-- Member
Norah Gilliam	-- Member
Pam Baldwin	-- Member
Mr. Craig Knotts	-- ReFonte CMO
Kathryn Rice	-- Associate Superintendent
Angela Beck	-- Superintendent
Ashley Eason	-- Assistant Superintendent
Tirza Rivera	-- CMO - Operations
Ms. Ivonne Divinity	-- School Business Manager

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA -- Partner



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL

To the Board of Directors
Redesign Schools Louisiana

In planning and performing our audit of the financial statements of **Redesign Schools Louisiana (RSL)** as of and for the year ended June 30, 2020, we considered **RSL's** internal control over financial reporting as a basis for determining our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **RSL's** internal control. Accordingly, we do not express an opinion on the effectiveness of **RSL's** internal control.

However, during our audit, we became aware of other matters that provide an opportunity for **RSL** to strengthen its internal control and operating efficiency. Also, we reviewed the status of prior year's other matters noting their respective status. We previously reported on **RSL's** internal control in our report dated May 18, 2021. This letter does not affect our report dated May 18, 2021, on the financial statements of **RSL**.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2020***

Reference Number

OM 2020-001

Criteria

Management of RSL is responsible for the establishment of effective policies and procedures to ensure the safeguarding of its assets.

Condition

At June 30, 2020, RSL does not have a formalized written deposit policy to address its funds concentration risk for deposits held by an institution on its behalf in excess of the FDIC insurance coverage amount of \$250,000. Total cash at risk at June 30, 2020 was \$425,660.

Cause

Lack of an established deposit policy to address the risk of funds concentration.

Effect or Potential Effect

Risk associated with the concentration of funds in excess of FDIC insurance coverage.

Recommendation

Management should develop for board approval, a deposit policy that ensures the maintenance of continuous collateral beyond the FDIC coverage by its banker(s).

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued
OM 2020-001

Management's Response and Planned Corrective Action

The management team (ReFonte) contracted to provide RSL with day-to-day operational services is currently working on a formalized written deposit policy for board approval. Implementation timeline of August 31, 2021, will include the procurement of a financial institution that aligns with the established policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-002

Criteria

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions to ensure the complete and accurate preparation of its financial statements.

Condition

Noted no documented evidence of the preparer to include, review and approval at a supervisory level of the June 2020 bank account reconciliations.

Cause

Lack of an established practice to ensure oversight in the timely completion and evidence of review of all bank account reconciliations.

Effect or Potential Effect

Potential for incomplete and/or inaccurate accounting of financial transactions.

Recommendation

All bank account reconciliations should be timely reconciled and evidenced by documented review and approval by management.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued

OM 2020-002

Management's Response and Planned Corrective Action

RSL has established specific monthly timelines for ReFonte to facilitate the timely preparation of all bank account reconciliations, to include its review and documented evidence of approval.

The management of RSL will ensure compliance through periodic inspection of the monthly submissions.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-003

Criteria

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy and regulations.

Condition

Our review of RSL's internal control processes over credit card and cash disbursement transactions revealed the following conditions:

- No supporting documentation provided for seven (7) of sixty-five (65) credit card transactions tested; therefore we were unable to determine if these transactions were: eligible and allowable under terms of Federal cost principles and/or Board policy, correctness of general ledger account distribution, recorded in agreement with appropriate supporting documentation, mathematical verification of invoices, and documented evidence of business purpose;
- Two (2) of sixty-five (65) transactions were recorded to the incorrect general ledger accounts;
- Thirteen (13) of the sixty-five (65) transactions could not be located in the general ledger. Further, five (5) items did not have the approved travel report pursuant to Board policy; for one (1) item, the receipt was not visible and two (2) items did not have a receipt, only a quote from the vendor; and

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued

OM 2020-003

Condition, Continued

- For ten (10) of sixty-five (65) transactions, only the receipt or invoice was provided; therefore we were unable to determine if these transactions were: eligible and allowable under terms of Federal cost principles or Board policy, correctness of general ledger account distribution, recorded in agreement with appropriate supporting documentation, or documentation of business purpose due to the approval purchase order not being provided.
- In one (1) instance of twenty-five (25) transactions, the coding to the general ledger account did not align with the account description on the approved check request.
- We were unable to secure complete supporting documentation for an invoice from our sample of twenty-five (25) transactions.
- In six (6) of sixty-five (65) transactions, we noted no documented evidence of the business purpose based on our review of the respective purchase order.

Cause

The level of oversight afforded to staff to include the consistent application of established practice.

Effect or Potential Effect

Noncompliance with established board policy to include the absence of a specific procedure for the review of all credit card and cash disbursements transactions.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued

OM 2020-003

Recommendation

Management should to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are complete, reviewed, approved and accurately recorded in the general ledger.

Management's Response and Planned Corrective Action

Management of RSL will enhance its oversight through the periodic review of sampled monthly transactions to ensure evidence of completeness, review, approval, and accurate recordation in the general ledger.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-004

Criteria

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions to ensure the complete and accurate preparation of its financial statements.

Condition

Our review of a sample of twelve (12) executed journal entries revealed the following:

- In two (2) of twelve (12) instances management was unable to provide supporting documentation to support the posted journal entries;
- In one (1) of twelve (12) instance, RSL provided "MFP" schedule for the entry, however, we were unable to tie the entry amount to the schedule. Further, in an instance, the RSL was unable to provide supporting documentation for \$1,858.37 included in a paid invoice totaling \$66,827.51; and
- In seven (7) of twelve (12) instances, there were no evidence of review or approval beyond the level the preparer.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued

OM 2020-004

Cause

Noncompliance with policy to ensure oversight as evidenced by documented review to include the attachment of the appropriate supporting documentation.

Effect or Potential Effect

Potential for incomplete and/or inaccurate accounting for all financial transactions.

Recommendation

All journal entries should be supported by the appropriated documents to include evidence of approval beyond the level of the preparer.

Management's Response and Planned Corrective Action

Management of RSL will enhance its oversight through review of sampled journal entries to ensure completeness of appropriate supporting documents to include evidence of approval beyond the level of the preparer.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-005

Criteria

Management of **RSL** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy and regulations.

Condition

Our review of **RSL's** internal control attributes over its revenue (collections) cycle revealed the following conditions:

- In one (1) instance of ten (10) cash transactions, we were unable to evidence the timely deposit of funds received; and
- Further, we noted the absence of a prepared collection receipt log, evidence of restrictive endorsement, and no validated deposit slip for collections in seven (7) of ten (10) receipts reviewed.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued

OM 2020-005

Cause

The level of oversight afforded to staff to include the consistent application of established practice.

Effect or Potential Effect

Noncompliance with established board policy.

Recommendation

Management should revisit and enhance the level of oversight with its monthly general ledger processing system, plan and review that all monthly transactions are reviewed, approved and accurately recorded in the general ledger. Funds collected should be logged in by an individual without custodial and recordation responsibilities, restrictively endorsed for timely deposit.

Management's Response and Planned Corrective Action

Management will enhance the level of oversight with its monthly general ledger processing system, plan and review a sample of monthly transactions to ensure that they are reviewed, approved, and accurately recorded in the general ledger. Further, funds collected will be logged in by an individual without custodial and recordation responsibilities, and restrictively endorsed for timely deposit.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-006

Criteria

Management is responsible for the timely payment of invoices pursuant to Board policy.

Condition

Our review of the aging vendor payable schedule as of June 30, 2020, revealed an overall over due percentage of 46.33% with 35.84% over thirty-one (31) days.

It is our understanding through discussion with management that the level of over due percentage is due to a combination of cashflow and processing issues.

Cause

Cashflow and processing issues.

Effect or Potential Effect

Business risk associated with untimely payment of vendors.

Recommendation

Management should review of its current cashflow situation to include strategies toward an enhancement of RSL's liquidity.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued

OM 2020-006

Management's Response and Planned Corrective Action

Management of RSL has addressed and resolved with its management team vendor invoice processing issues. Further, the management of RSL in conjunction with the management team will evaluate strategies towards an effective and efficient cashflow management to include the use of monthly budget to actual reporting.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-007

Criteria

Management is responsible for the management of personnel resources to ensure compliance with board policy and regulatory requirements.

Condition

- For a sample of twenty-five (25) teachers reviewed for compliance with attributes for payroll documents, processing, and reporting, we noted in an instance no documented evidence of the required annual ethics training as dictated by State statute on file.

Cause

Level of overall oversight in payroll processing to include adequate audit trail.

Effect or Potential Effect

Potential for noncompliance with board policy and regulation.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED***

2020

Reference Number, Continued

OM 2020-007

Recommendation

Management should revisit with its current internal control over required training for personnel to ensure compliance. Further, employee files should include all required documentations.

Management's Response and Planned Corrective Action

Management of RSL in conjunction with the management team will enhance compliance through monitoring of all required annual training for personnel.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-008

Criteria

The Board and management are charged with the maintenance of budgetary control of the finances of RSL.

Condition

RSL continues to experience operating losses resulting from the varying levels of program funding. For the three (3) years ended June 30, 2020, operating losses were \$1,412,332 (2020) \$1,193,433 (2019) and \$1,402,156 (2018).

This condition is similar to prior year's other matter reference number OM 2017-001.

Context

Total operating revenues and expenses for the year ended June 30, 2020 were \$11,294,959 and \$13,069,077, respectively.

Cause

Changes in program funding and from State and Federal awards.

Effect or Potential Effect

Continuing negative impact on net assets from the recurring operating losses.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued

OM 2020-008

Recommendation

We recommend that management re-evaluate and implement cost containment measures aimed at reversing the trend. Further, management should explore avenues for revenue enhancement.

Management's Response and Planned Corrective Action

Management continues to seek additional revenue streams to cover program cost both at the State and Federal levels.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number

OM 2020-009

Criteria

Management is responsible for attainment of the level of effort as dictated in the federal award agreement.

Condition

Our review of the annual "MOE" verification in the eGrant Management System for Lanier Elementary School revealed using total expenses as the baseline "lookback" (2017-18 fiscal year), noncompliance with the expense level of effort requirement. However, using the MFP student membership count as the baseline "lookback" (October 1, 2016 and October 1, 2017) RSL met the effort per pupil criteria for compliance.

Questioned Costs

None.

Cause

No established process to ensure monitoring of expenses based on established benchmarks for compliance with the level of effort requirement.

Effect or Potential Effect

Potential for noncompliance with grant award agreement regarding level of effort.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***CURRENT YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2020***

Reference Number, Continued

OM 2020-009

Recommendation

Management should incorporate within its budget to actual review process, a procedure to ensure the continuous compliance with the 90% goal attainment.

Management's Response and Planned Corrective Action

The management of RSL in conjunction with the management team (ReFonte) will implement a process to ensure the periodic reporting of all required benchmarks, and ensure continuous compliance with all grant agreements.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL
2019***

Reference Number

OM 2019-001

Criteria

Management of RSL is responsible for the establishment of effective policies and procedures to ensure the safeguarding of its assets.

Condition

At June 30, 2019, RSL does not have a formalized written deposit policy to address its funds concentration risk for deposits held by an institution on its behalf in excess of the FDIC insurance coverage amount of \$250,000.

This condition is similar to prior year's other matter reference number OM 2018-005.

Cause

Lack of an established deposit policy to address the risk of funds concentration.

Effect or Potential Effect

Risk associated with the concentration of funds in excess of FDIC coverage.

Recommendation

Management should develop for board approval, a deposit policy that ensures the maintenance of continuous collateral beyond the FDIC coverage by its banker(s).

Current Status

Unresolved. See current year's report on other matters reference number OM 2020-001.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**
(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-002

Criteria

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy and regulations.

Condition

Our review of RSL's internal control processes over its revenue and expense cycles revealed the following conditions:

- In one (1) instance of twenty-five (25) cash disbursement transactions, we noted an instance of a vendor overpayment for \$20.

For one (1) of twelve (12) credit card transactions tested, we were unable to determine if the transaction was recorded on the general ledger in January 2019 (month of transaction).

- In one (1) of four (4) instances, we noted where the supporting documentation provided did not agree to the journal entry posted.
- For all journal entries selected for review, we noted no documented evidence of review and approval beyond the level for the preparer. Based on our review of RSL's fiscal and operating policies, we noted no specific written procedures for the review and approval process for journal entries.

This condition is similar to prior year's other matter reference number OM 2018-001.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-002

Cause

The level of oversight afforded to staff to include the consistent application of established practice.

Effect or Potential Effect

Noncompliance with established board policy to include the absence of a specific procedure for the review and approval of journal entries.

Recommendation

Management should continue to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are reviewed, approved and accurately recorded in the general ledger. Periodic analysis should be performed timely with all resulting adjustments, if any, posted immediately.

Current Status

Unresolved. See current year's other matters report for reference number OM 2020-004.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-003

Criteria

Management is responsible for the management of personnel resources to ensure compliance with board policy and regulatory requirements.

Condition

- For a sample of twenty-three (23) teachers reviewed for compliance with attributes for payroll documents, processing, and reporting, we noted in two (2) instances no documented evidence of the required annual ethics training as dictated by State statute on file.
- In two (2) of ten (10) payroll transactions tested, RSL was unable to provide us with the respective employee personnel file to support pay rates used.
- Also, for the referenced payroll sampled, we noted one (1) instance where the employee file did not contain W-4, L-4 and I-9 documentation.

This condition is similar to prior year's other matter reference number OM 2018-002.

Cause

Level of overall oversight in payroll processing to include adequate audit trail.

Effect or Potential Effect

Potential for noncompliance with board policy and regulation. Further, personnel could be over and/or under paid.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-003

Recommendation

Management should revisit with its current internal control over required training for personnel to ensure compliance. Further, employee files should include all required documentations.

Current Status

Partially resolved. See current year's other matters report for other matter reference number OM 2020-007.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-004

Criteria

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions to ensure the complete and accurate preparation of its financial statements.

Condition

Noted the untimely reconciliation, review and approval of the June 2019 bank account reconciliations.

This condition is similar to prior year's other matter reference number OM 2018-003.

Cause

Lack of an established practice to ensure oversight in the timely completion of all bank account reconciliations.

Effect or Potential Effect

Potential for incomplete and/or inaccurate accounting for financial transactions.

Recommendation

All bank account reconciliations should be timely reconciled and evidenced by documented review and approval by management.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-004

Current Status

Unresolved. See current year's other matters report for other matter reference number OM 2020-002.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number

OM 2019-005

Criteria

Management is responsible for ensuring compliance with established board policy to include all regulatory requirements.

Condition

Article 7, Section 14 of the Louisiana Constitution of 1974 provides that funds, credit, property, or things of value of the state or any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

For a sample of twelve (12) credit card transactions tested, we noted one (1) instance where RSL purchased gift cards with public funds.

Cause

Lack of understanding of the criteria in the use of gift cards for employees.

Effect or Potential Effect

Potential for noncompliance with board policy and State statute.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

***STATUS OF PRIOR YEARS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL, CONTINUED
2019***

Reference Number, Continued

OM 2019-005

Recommendation

Management should revisit with its current internal control practices over expenses to ensure compliance with allowable and eligible program expenses.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

RSL's response to the current and status of prior year's other matters reported are described in this report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit RSL's response and accordingly, we express no opinion on it.

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

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

May 18, 2021

REDESIGN SCHOOLS LOUISIANA
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
ON
PERFORMANCE AND STATISTICAL DATA
FOR THE YEAR ENDED JUNE 30, 2020

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Schedule 2 - Class Size Characteristics (Lanier Elementary, Glen Oaks Middle School, and Dalton Elementary) As of October 1, 2019	8



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

To the Board of Directors
Redesign Schools Louisiana
New Orleans, Louisiana

We have performed the procedures enumerated below as required by State of Louisiana R.S. 24:514 and listed in the Louisiana Governmental Audit Guide.

The procedures were agreed to by management of **Redesign Schools Louisiana (RSL)** the Louisiana Department of Education, and the Legislative Auditor for the State of Louisiana, solely to assist users in evaluating management's assertions about the accompanying performance and statistical data 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 in compliance with Louisiana Revised Statute 24:514. **RSL's** management is responsible for the completeness of the performance and statistical data.

This agreed-upon engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable Standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of the specified users of the report.

Consequently, we make no representation regarding the sufficiency of the following procedures described either for the purpose for which this report has been requested or for any other purpose.

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

The procedures performed, our findings and management's response as applicable related to the accompanying schedules (Schedules 1 and 2), are summarized as follows:

**General Fund Instructional and Support Expenditures
(SCHEDULE 1)**

1. Procedure

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

- o Total General Fund Instructional Expenditures; and
- o Total General Fund Equipment Expenditures.

Finding

The results of the procedures performed on the selected instructional and support expenses revealed that the twenty-five (25) sampled transactions were correctly classified and reported.

Class Size Characteristics (SCHEDULE 2)

2. Procedure

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 ten (10) classes to the October 1, 2019 roll books for those classes and determined if the classes were properly classified on the schedule.

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

Class Size Characteristics (SCHEDULE 2), Continued

Finding

We noted a total variance between the total number of classes as reported in the SISR report and the total class size report provided by RSL (Schedule 2). Specifically, the number of subject courses reported on Schedule 2 is overstated by 54 classes in the SISR class size report. Similarly, the activity courses is understated by 54 classes.

Management's Response

Management of RSL will coordinate with its management team (ReFonte) to ensure all reporting classifications are pursuant to the Louisiana Department of Education requirement for the current reporting cycle.

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

3. **Procedure**

We obtained the October 1, 2019 Profile of Educational Personnel (PEP) data submitted to the Department of Education including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of twenty-five (25) individuals, traced to each individual's personnel file, and observed that each individual's education level and experience are properly classified in the PEP data.

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

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

Finding

In three (3) instances, we noted variances in the educational level as reflected on the respective teacher's transcript versus the October 1, 2019 PEP report.

Further, for five (5) teacher's, we noted variances in the experience level as contained in the respective teacher's personnel file versus the PEP report.

Management's Response

The management of RSL in conjunction with its management team (ReFonte) will design a reporting matrix with established due dates. Further, the matrix will allow for the timely review and approval for completeness prior to submission to external parties.

Public School Staff Data: Average Salaries (No Schedule)

4. **Procedure**

We obtained the June 30, 2020 PEP data submitted to the Department of Education of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of twenty-five (25) individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents are properly included in the PEP data.

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

Public School Staff Data: Average Salaries (No Schedule), Continued

Finding

For the sample size of twenty-five (25) teachers, we noted the following:

- o The base salary amount for all twenty-five (25) teachers did not agree to the amount reflected in the PEP report under salary type 1 category;
- o For the same sample, extra compensation was not included on the PEP report under salary type 2 category; and
- o For eleven (11) of the sample of twenty-five (25) teachers, we noted variances between the executed compensation agreement on file to the amount reported in the June 30, 2020 PEP report.

It is our understanding through discussion with management that the referenced variances are due to the fact that, RSL was advised to use the respective employees net pay instead of the gross or contract amount.

However, a sample selected from the twenty-five (25) teachers further revealed variances between the net pay and amount reported in the PEP report at June 30, 2020.

Management's Response

The management of RSL in conjunction with its management team ((Refonte) will design a reporting matrix with established due dates. Further, the matrix will allow for the timely review and approval for completeness prior to submission to external parties.

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

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

RSL's response to the findings in our agreed-upon procedures is described in this report under the caption "Management's Response". We did not perform any procedures on RSL's response and, accordingly, we express no opinion on it.

This report is intended solely for the use of management, Board of Directors, the Louisiana Department of Education, BESE, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, 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 Auditors as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

May 18, 2021

**SCHEDULES REQUIRED BY STATE LAW
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

SCHEDULE I

**REDESIGN SCHOOLS LOUISIANA
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2020**

General Fund Instructional Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom teacher salaries	\$2,411,985
Other instructional staff activities	942,377
Instructional staff employee benefits	1,005,726
Purchased professional and technical services	70,560
Instructional materials and supplies	201,411
Instructional equipment	<u>214,775</u>

Total teacher and student Interaction
Activities

4,846,834

Other instructional activities

-0-

Pupil Support Activities:

Less: Equipment for pupil support activities	1,180,573
Net pupil support activities	<u>-0-</u>

1,180,573

Instructional Staff Services:

Less: Equipment for instructional staff services	900,876
Net instructional staff services	<u>-0-</u>

900,876

School Administration:

Less: Equipment for school administration	747,586
Net school administration	<u>-0-</u>

747,586

Total General Fund Instructional
Expenditures (total of Column B)

7,675,869

Total General Fund Equipment
Expenditures (Object 730; Function
Series 1000-4000)

\$ -0-

See Accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures.

REDESIGN SCHOOLS LOUISIANA
Class Size Characteristics
As of October 1, 2019

**Lanier Elementary, Dalton Elementary,
 & Glen Oaks Middle Charter School**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	46.3%	99	53.7%	115				
Elementary Activity Classes	45.8%	22	54.2%	26				
Middle/Jr. High	1.0%	1	99.0%	95				
Middle/Jr. High Activity Classes			100.0%	24				
High								
High Activity Classes								
Combination	32.3%	100	67.7%	210				
Combination Activity Classes	30.6%	22	69.4%	50				

See Accompany Independent Accountants' Report on Applying Agreed-Upon Procedures.