

ATHLOS ACADEMY OF JEFFERSON

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
June 30, 2019

ATHLOS ACADEMY OF JEFFERSON

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June 30, 2019

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Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

Members
American Institute of CPA's
Society of Louisiana CPA's

To the Board of Directors
Athlos Academy of Jefferson
Terrytown, Louisiana

We have audited the accompanying financial statements of Athlos Academy of Jefferson (the Academy) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, 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. 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 the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Athlos Academy of Jefferson as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), schedule of board of directors, and the accompanying schedule of compensation, reimbursements, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019 on our consideration of Athlos Academy of Jefferson'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 Athlos Academy of Jefferson's internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 30, 2019

ATHLOS ACADEMY OF JEFFERSON

STATEMENT OF FINANCIAL POSITION

June 30, 2019

ASSETS

CURRENT ASSETS

| | | |
|---------------------------|----|------------------|
| Cash and cash equivalents | \$ | 1,644,413 |
| Accounts receivable | | 337,877 |
| Prepaid expenses | | 53,705 |
| Total Current Assets | | <u>2,035,995</u> |

NONCURRENT ASSETS

| | | |
|-------------------------|----|-------------------------|
| Deposits | | <u>17,011</u> |
| Total Noncurrent Assets | | <u>17,011</u> |
| Total Assets | \$ | <u><u>2,053,006</u></u> |

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | | |
|---|----|------------------|
| Accounts payable | \$ | 291,259 |
| Due to related party - other | | 629,949 |
| Due to related party - Athlos Academies | | 136,823 |
| Accrued payroll and other liabilities | | 340,938 |
| Total Current Liabilities | | <u>1,398,969</u> |
| Total Liabilities | | 1,398,969 |

NET ASSETS

| | | |
|----------------------------------|----|-------------------------|
| Without Donor Restrictions | | <u>654,037</u> |
| Total Net Assets | | <u>654,037</u> |
| Total Liabilities and Net Assets | \$ | <u><u>2,053,006</u></u> |

ATHLOS ACADEMY OF JEFFERSON
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2019

| | Without Donor Restrictions |
|--|---------------------------------------|
| REVENUE | |
| State and local MFP funding | \$ 9,558,102 |
| Federal grant revenue | 1,233,541 |
| Food service income | 40,651 |
| Other income | 129,810 |
| Interest income | 13,804 |
| TOTAL REVENUE | 10,975,908 |
| EXPENSES | |
| Program services | 6,764,861 |
| General and administrative | 3,398,780 |
| TOTAL EXPENSES | 10,163,641 |
| CHANGE IN NET ASSETS | 812,267 |
| NET DEFICIT - Beginning of year | (158,230) |
| NET ASSETS - End of year | \$ 654,037 |

ATHLOS ACADEMY OF JEFFERSON

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

| | Program Services | General and Administrative | Total |
|-----------------------------------|-----------------------------|---------------------------------------|----------------------|
| Salary expense | \$ 3,385,187 | \$ 584,420 | \$ 3,969,607 |
| Payroll taxes & employee benefits | 625,454 | 159,015 | 784,469 |
| Professional fees | 646,854 | 975,165 | 1,622,019 |
| Facility expense | 2,018 | 1,286,166 | 1,288,184 |
| Insurance | - | 180,482 | 180,482 |
| Student transportation | 910,119 | - | 910,119 |
| Food service expense | 436,217 | - | 436,217 |
| Travel expense | 4,905 | 8,878 | 13,783 |
| Materials and supplies | 84,351 | 126,992 | 211,343 |
| Books and workbooks | 472,609 | - | 472,609 |
| Equipment costs | 162,918 | 36,891 | 199,809 |
| Miscellaneous expense | 34,229 | 40,771 | 75,000 |
| TOTAL EXPENSES | \$ 6,764,861 | \$ 3,398,780 | \$ 10,163,641 |

ATHLOS ACADEMY OF JEFFERSON

STATEMENT OF CASH FLOWS *For the Year Ended June 30, 2019*

| | |
|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Change in net assets | \$ 812,267 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | |
| Changes in operating assets and liabilities: | |
| Accounts receivable | (337,877) |
| Prepaid expenses | (39,604) |
| Deposits | (17,011) |
| Accounts payable | 147,405 |
| Accrued payroll and other liabilities | 340,938 |
| Due to related party – other | <u>629,949</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>1,536,067</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 1,536,067 |
| CASH AND CASH EQUIVALENTS – Beginning of year | <u>108,346</u> |
| CASH AND CASH EQUIVALENTS – End of year | <u>\$ 1,644,413</u> |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

| | |
|-------------------|------|
| Income taxes paid | \$ - |
| Interest paid | \$ - |

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Athlos Academy of Jefferson (the Academy) was incorporated on April 19, 2016 as a nonprofit organization under the laws of the State of Louisiana. The purpose of the Academy is to provide high quality educational opportunities for the whole child built on the three foundational pillars of prepared mind, healthy body, and performance character. During the year ended June 30, 2019, the Academy began operating a school in Terrytown, Louisiana servicing students from Kindergarten through seventh grade. The Academy was approved to operate as a Type 2 charter school by the Louisiana Board of Elementary and Secondary Education (BESE) in June 2018. The Academy has partnered with Athlos Academies, an educational service provider, who provides management services and support for academic, fiscal, and operational services.

The charter contract entered into with BESE shall be effective for an initial period of four years and will terminate on June 30, 2022, unless extended for a maximum initial term of five years, contingent upon the results of a review by BESE after the completion of the third year of operation. Prior to the expiration of the current charter contract, the charter contract may be renewed at the discretion of BESE pursuant to applicable provisions of Title 17, Chapter 42, of the Louisiana Revised Statutes and BESE policy Bulletin 126.

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“US GAAP”), which requires the Academy to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Academy. These net assets may be used at the discretion of the Academy’s management and the Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Academy or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted revenues are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets. The Academy did not have any assets with donor restrictions as of June 30, 2019.

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenues

The Academy's primary sources of funding are through the State of Louisiana Public School Fund-Minimum Foundation Program (MFP) and federal grants. Revenues received through federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

New Accounting Pronouncements

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Academy has adjusted the presentation of these statements accordingly.

In May 2014, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606), or ASU 606. ASU 606 provides guidance outlining a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers that supersedes most current revenue recognition guidance. This guidance requires the Academy to recognize revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The original effective date of the guidance would have required the Academy to adopt at July 1, 2018; however, the FASB approved an optional one-year deferral of the effective date. Additionally, the new guidance requires enhanced disclosures, including revenue recognition policies to identify performance obligations to customers and significant judgments in measurement and recognition. The new guidance may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. The Academy is in the process of evaluating the overall impact this guidance will have on the financial statements for the year beginning July 1, 2019.

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.

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value of Financial Instruments

Fair value estimates, methods and assumptions for the Academy's financial instruments of cash and cash equivalents, accounts receivable, prepaid expenses, deposits, accounts payable, accrued liabilities, due to related party – Athlos Academies, and due to related party - other are that the carrying amounts reported approximate fair value at June 30, 2019.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash (See Note 7).

Functional Expenses

The cost of providing program and other activities have been summarized on a functional basis (See statement of functional expenses). Accordingly, certain costs are assigned to program or supporting services based on function codes determined by management, as allowed per the Louisiana Accounting and Uniform Governmental Handbook.

Cash and Cash Equivalents

The Academy considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents.

Accounts Receivable

Accounts receivable consists of receivables related to the federal grant programs and are stated at the amounts the Academy expects to collect. Accounts that are deemed uncollectible are written off. Use of this method does not result in a material difference from the valuation method required by generally accepted accounting principles. As of June 30, 2019, the Academy has determined that there were no balances deemed uncollectible.

NOTE 2 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of cash deposits. The Academy at times has cash on deposit at financial institutions that is in excess of federally insured limits. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Academy has not experienced any losses in such accounts. The Academy has no policy requiring collateral or other security to support its deposits. At June 30, 2019 the carrying amount of the Academy's deposits was \$1,644,413, and the bank balance was \$1,672,289, of which \$1,420,345 was uninsured.

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
June 30, 2019

NOTE 3 – CONCENTRATIONS

The Academy receives a significant portion of its support from the MFP. Management is not aware of any actions that will significantly affect the amount of funds the Academy will receive in future years. Approximately 87% of total revenues was received from the MFP program during the year ended June 30, 2019.

NOTE 4 – INCOME TAX STATUS

The Academy received a tax-exempt ruling under Section 501(c)(3) from the Internal Revenue Service, and accordingly, is not subject to federal income tax unless the Academy has unrelated trade or business income. Management believes there are no uncertain tax positions. As of June 30, 2019, the Academy had three years of tax returns open for review by the IRS. The years 2018, 2017, and 2016 are included within the 3-year statute of limitations for IRS review. As of the date of the audit report, the Academy has not filed its tax return for the year ended June 30, 2019.

NOTE 5 – EMPLOYEE BENEFIT PLAN

The Academy sponsors a defined contribution plan (the Plan) for all employees qualified under Section 403(b) of the Internal Revenue Code. Contributions to the Plan by the Academy are based on the participants' contributions. The Academy pays expenses associated with the administration of the Plan. The Academy made contributions to the Plan totaling \$15,135 during the year ended June 30, 2019.

NOTE 6 – LEASE

The Academy entered into a build to suit lease agreement with, RJ Jefferson Parish I, LLC, a related party, for its school facility and related furniture and equipment in Terrytown, Louisiana, expiring August 2043. Total current year lease expense was \$887,356 for the year ended June 30, 2019. The lease agreement provides for the following minimum lease payments during the twenty-five-year term of the lease.

Future minimum lease payments are as follows:

| | |
|-----------------|----------------------|
| <u>June 30,</u> | |
| 2020 | \$ 1,683,333 |
| 2021 | 1,830,208 |
| 2022 | 1,879,610 |
| 2023 | 1,926,599 |
| 2024 | 1,974,765 |
| Thereafter | <u>48,469,934</u> |
| | <u>\$ 57,764,449</u> |

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
June 30, 2019

NOTE 6 – LEASE - Continued

Upon the seventh anniversary of the lease inception date, and on each anniversary of the inception date thereafter, base rent will increase by an amount equal to two and one-half percent (2.5%) more than the base rent payable during the immediately preceding lease year.

The school facility lease agreement has a purchase option that may be exercised as of the fifth anniversary of the inception date and shall terminate upon the eighth anniversary of the inception date. Purchase price options are as follows: "The purchase price for the premises shall be equal to the capitalized value of the base rent to be in effect in the lease year following the date of the closing, calculated with a seven and one-half percent (7.5%) cap rate (the "Option Price")."

NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below represents financial assets available for general expenditures within one year at June 30, 2019.

| | |
|--|-------------------------|
| Cash and cash equivalents | \$ 1,644,413 |
| Accounts receivable | 337,877 |
| Deposits | <u>17,011</u> |
| Total Financial Assets | 1,999,301 |
| Less amounts not available to be used within one year: | |
| Deposits | <u>17,011</u> |
| Financial assets not available to be used within one year | <u>17,011</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 1,982,290</u> |

Certain assets have been deemed to not likely be converted into cash within one year and therefore, are not available to be used to satisfy general expenditures in the following year.

The Academy maintains a \$200,000 line of credit with a related party, as discussed in more detail in Note 8. As of June 30, 2019, approximately \$63,177 remained available on the Academy's line of credit.

ATHLOS ACADEMY OF JEFFERSON
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
June 30, 2019

NOTE 8 – RELATED PARTIES

The Academy entered into a master school services agreement on January 16, 2016, with School Model Support, LLC, dba Athlos Academies, to provide education, performance character, health and fitness programs, and school opening and ongoing management services. In addition, included in this agreement, the Academy is provided a trademark license agreement, which provides the Academy the right to use the Athlos Academies' logo. The agreement is for an initial term of five years and will expire on the fifth anniversary of the term commencement date. During the fiscal year ended June 30, 2019, the Academy recognized management services expense of \$1,146,972, and recorded a due to related party-other of \$629,949, at June 30, 2019.

The Academy entered into an agreement with Athlos Academies, Partner/National Affiliate, to provide a line of credit up to \$200,000 through July 31, 2023, with a 0 % interest rate. The unpaid principal balance at June 30, 2019 was \$136,823, and is recorded in due to related party – Athlos Academies. No draws or payments were made on the balance for the year ended June 30, 2019. Management expects to pay the balance due during the year ending June 30, 2020.

The Academy entered into a facility lease agreement with RJ Jefferson Parish I, LLC, a related party with ownership similar to Athlos Academies, to rent school facilities. This is recorded as an operating lease and is described in NOTE 6.

NOTE 9 – CONTINGENCIES

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

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which corresponds with the date of the Independent Auditors' Report. No material subsequent events have occurred since June 30, 2019 that required recognition or disclosure in these financial statements.

SUPPLEMENTARY INFORMATION

Kushner LaGraize, L.L.C.

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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

The Board of Directors of
Athlos Academy of Jefferson
Terrytown, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Athlos Academy of Jefferson (the Academy), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Athlos Academy of Jefferson'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-001.

Athlos Academy of Jefferson's Response to Findings

Athlos Academy of Jefferson's response to the finding identified in our audit is described in the accompanying management's correction action plan. Athlos Academy of Jefferson's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 30, 2019

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

The Board of Directors of
Athlos Academy of Jefferson
Terrytown, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Athlos Academy of Jefferson's (the Academy) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2019. The Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Academy's compliance.

Basis for Qualified Opinion on Charter School Program

As described in the accompanying schedule of findings and questioned costs, the Academy did not comply with requirements regarding CFDA 84.282, Charter School Program, as described in finding number 2019-002 for allowable costs. Compliance with such requirements is necessary, in our opinion, for the Academy to comply with the requirements applicable to that program.

Qualified Opinion on Charter School Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA 84.282, Charter School Program for the year ended June 30, 2019.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Academy 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 other major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the

accompanying schedule of findings and questioned costs as item 2019-002 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2019-003 to be a significant deficiency.

The Academy's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Academy's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 the Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 30, 2019

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

| <u>Grantor/Program Title</u> | <u>CFDA Number</u> | <u>Award Number</u> | <u>Passed through to Subrecipients</u> | <u>Federal Expenditures</u> |
|--|------------------------|-------------------------|--|---------------------------------|
| U.S. Department of Education | | | | |
| Passed through State of Louisiana Department of Education: | | | | |
| Charter School | 84.282* | | \$ - | \$ 165,000 |
| Charter School | 84.282* | | - | 75,000 |
| Charter School | 84.282* | | <u>-</u> | <u>75,000</u> |
| Total Charter School | | | - | 315,000 |
| Title I Grants to Local Educational Agencies | 84.010* | S010A180018 | - | 251,940 |
| Special Education Cluster | | | | |
| IDEA - Special Education Grants to States | 84.027 | H027A180033 | <u>-</u> | <u>167,335</u> |
| Total Special Education Cluster | | | <u>-</u> | <u>167,335</u> |
| Total for U.S. Department of Education | | | - | 734,275 |
| U.S. Department of Agriculture | | | | |
| Passed through State of Louisiana Department of Education: | | | | |
| Child Nutrition Cluster | | | | |
| National School Lunch Program | 10.555 | Unknown | <u>-</u> | <u>499,266</u> |
| Total Child Nutrition Cluster | | | <u>-</u> | <u>499,266</u> |
| Total for U.S. Department of Agriculture | | | <u>-</u> | <u>499,266</u> |
| Total Federal Expenditures | | | <u>\$ -</u> | <u>\$ 1,233,541</u> |

* This program is considered a major program under the Uniform Guidance.

ATHLOS ACADEMY OF JEFFERSON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying *Schedule of Expenditures of Federal Awards* includes the federal grant activity of Athlos Academy of Jefferson and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the net position and changes in net assets of the Academy. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

NOTE 2 – DETERMINATION OF TYPE A AND TYPE B PROGRAMS

Federal award programs are classified as either Type A or Type B programs. For the year ended June 30, 2019, Type A programs consisted of the federal programs that expended over \$750,000 and Type B programs are the programs that expended under \$750,000.

NOTE 3 – DE MINIMIS COST RATE

During the year ended June 30, 2019, the Academy did not elect to use the 10% de minimis cost rate as covered in section 200.414 of the Uniform Guidance.

NOTE 4 – NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance during the year ended June 30, 2019.

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major programs:

| | |
|---|------------|
| 84.282 - Charter School Program | Qualified |
| 84.010 - Title I Grants to Local Educational Agencies | Unmodified |

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? Yes No

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|--|
| 84.010 | Title I Grants to Local Educational Agencies |
| 84.282 | Charter School Program |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee Qualified as Low-Risk Auditee? Yes No

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued
Year Ended June 30, 2019

2. FINANCIAL STATEMENT FINDINGS

Compliance:

2019-001

Criteria:

Management is responsible for compliance with applicable laws and regulations. LSA R.S. 42:1170 requires that each public servant "shall receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of his public employment or term of office, as the case may be."

Condition:

During our audit procedures, we noted many employees of the Academy who had not received the minimum one hour of training on the Code of Governmental Ethics, as required by LSA R.S. 42:1170, within the fiscal period.

Cause:

This was the result of management not ensuring the training was completed.

Effect:

The Academy may not be in compliance with LSA R.S. 42:1170.

Recommendation:

We recommend the Academy implement procedures to ensure all employees receive the training required by LSA R.S. 42:1170.

Management's Response:

Management concurred with the recommendation. See Management's Corrective Action Plan.

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2019-002 – Submission of duplicate invoices for reimbursement

Award Years: 2016-2017 & 2018-2019

84.282 - Charter School Program

Compliance Requirement: Allowable costs/cost principles

Repeat Finding: No

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued
Year Ended June 30, 2019

Criteria

Management is required to comply with OMB Uniform Guidance as it relates to allowable/unallowable costs.

Condition

During our testing of the Charter School Program grant, we noted two invoices were submitted twice for a total reimbursement of \$23,476.

Cause

Management stated the wrong invoices were submitted in error when preparing the request for reimbursement forms.

Effect

Requesting reimbursement for duplicate invoices can result in potential questioned costs of \$23,476.

Recommendation

We recommend that management contact the Louisiana Department of Education to correct this error, and review and update their procedures to ensure this will not occur in the future.

Management's Response

Management concurred with the recommendation. See Management's Corrective Action Plan.

2019-003 – Advertisement for bid

Award Years: 2016-2017

84.282 - Charter School Program

Compliance Requirement: Procurement, Suspension & Debarment

Repeat Finding: No

Criteria

Management is required to comply with OMB Uniform Guidance as it relates to procurement. Uniform Guidance requires non-federal entities other than states to use their own documented procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurement standards conform to federal statutes and the procurement requirements identified in 2 CFR part 200. As such, the Academy is required to comply with L.R.S. 38:2212.1 of the Louisiana Public Bid Law.

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-Continued
Year Ended June 30, 2019

Condition

During our testing of the Charter School Program grant, management was unable to provide evidence of advertisement for bid for one contract, for small computer equipment and technology services, in accordance with L.R.S. 38:2212.1.

Cause

Management could not locate the advertisement for bid for the contract.

Effect

Potential noncompliance with the Louisiana Public Bid Law.

Recommendation

We recommend that management maintain all necessary documentation to support compliance with state and local laws and regulation.

Management's Response

Management concurred with the recommendation. See Management's Corrective Action Plan.

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF COMPENSATION, REIMBURSEMENTS,
BENEFITS AND OTHER PAYMENTS TO AGENCY HEADS
FOR THE YEAR ENDED JUNE 30, 2019

| <u>Executive Director</u> | <u>Salary</u> | <u>Benefits</u> | <u>Reimbursements</u> | <u>Total</u> |
|---|-------------------------|------------------------|-----------------------|-------------------------|
| Keisha Rogers: (December 2018 – present) | \$ 45,319 | \$ 2,818 | \$ 735 | \$ 48,872 |
| Dennis Taylor: (July 2018 – November 2018) | <u>39,840</u> | <u>4,724</u> | <u>-</u> | <u>44,564</u> |
| TOTAL | <u>\$ 85,159</u> | <u>\$ 7,542</u> | <u>\$ 735</u> | <u>\$ 93,436</u> |

ATHLOS ACADEMY OF JEFFERSON
SCHEDULE OF BOARD OF DIRECTORS
FOR THE YEAR ENDED JUNE 30, 2019

| <u>Board Member</u> | <u>Compensation</u> |
|---------------------------------------|---------------------|
| Harvey Wier, Board Chair | \$ - |
| Jaquetta Wright, Vice Chair | - |
| Teri Black, Secretary | - |
| John Foard, Treasurer | - |
| Elydia Ketchens, Board Member | - |
| Landon Allen, Board Member | - |
| Nick Berg, Board Member | - |
| Ruben Johnson, Board Member | - |
| Tiffany Nelson, Board Member | - |
| Ben Bourgeois, Former Board Member* | - |
| Carolyn Steel, Former Board Member* | - |
| Kathleen Robert, Former Board Member* | - |
| Imtiaz Siddiqui, Former Board Member* | - |

**Former board member who was active during the year ended June 30, 2019.*

December 31, 2019

CORRECTIVE ACTION PLAN AUDIT FINDINGS

Louisiana State Legislative Auditor

Athlos Academy of Jefferson respectfully submits to you the following corrective action plan for the Audit Findings for the fiscal year ended June 30, 2019.

Kushner LaGraize, LLC
Certified Public Accountants and Consultants
3330 W Esplanade Ave - Suite 100
Metairie, LA 70002
Audit period: July 1, 2018- June 30, 2019

AUDIT FINDINGS

2019-001

Condition:

During our audit procedures, we noted many employees of the Academy who had not received the minimum one hour of training on the Code of Governmental Ethics, as required by LSA R.S. 42:1170, within the fiscal period.

Recommendation:

We recommend the Academy implement procedures to ensure all employees receive the training required by LSA R.S. 42:1170.

Management's Response:

Athlos Academy of Jefferson concurs with the recommendation of the auditors. For FY20 and beyond, ethics training will be a requirement for employment and included in our staff handbook. Additionally, Athlos Academy of Jefferson will employ a human resource specialist to ensure required trainings are completed and accounted.

2019-002

Condition:

During our testing of the Charter School Program grant, we noted two invoices were submitted twice for a total reimbursement of \$23,476.

Recommendation:

We recommend that management contact the Louisiana Department of Education to correct this error, and review and update their procedures to ensure this will not occur in the future.

Management's Response:

Athlos Academy of Jefferson concurs with the recommendation of the auditors. Athlos Academy of Jefferson has contacted the LDOE and resolved the error. Further, Athlos Academy of Jefferson has hired an additional Director of Finance to monitor the submission of invoices for reimbursement.

2019-003

Condition:

During our testing of the Charter School Program grant, management was unable to provide evidence of advertisement for bid for one contract, for small computer equipment and technology services, in accordance with L.R.S. 38:2212.1.

Recommendation:

We recommend that management maintain all necessary documentation to support compliance with state and local laws and regulation.

Management's Response:

Athlos Academy of Jefferson concurs with the recommendation of the auditors. Athlos Academy of Jefferson recognizes that this is a document vital to the operation of the school and was not shared largely in part to staff turnover and access to prior documents. Moving forward Athlos Academy of Jefferson has created a password protected, shared folder that can be access by several administrators in the event of future turnover. Within this shared folder will be folders for each RFP, public notice, bid packet, bid proposals, scoring rubrics and award notifications.

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

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER*, CPA, CRFAC
WILSON A. LaGRAIZE, JR., CPA/CFE, CRFAC
ERNEST G. GELPI, CPA, CGFM
CRAIG M. FABACHER, CPA
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Athlos Academy of Jefferson,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor
Terrytown, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Athlos Academy of Jefferson (the School) and the Louisiana Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514.I. The School is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

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

We noted no exceptions.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2018 roll books for those classes and observed that the class was properly classified on the schedule.

We noted no exceptions.

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1, 2018 PEP data submitted to the Department of Education (or equivalent listing prepared by management), 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 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Per review of the documentation maintained for the 25 individuals selected, we noted 2 individuals' education level did not agree to the data included in the October 1, 2018 PEP report. We also noted, that of the 25 individuals selected, 15 individuals' years of experience documented in their personnel file did not agree to the data included in the October 1, 2018 PEP report.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) 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 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

We noted no exceptions.

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

Management has responded, see attached.

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

Kushner LaGraize, L.L.C.

December 30, 2019
Metairie, Louisiana

ATHLOS ACADEMY OF JEFFERSON
Terrytown, Louisiana
Schedules Required by State Law (R.S. 24:514 - Performance and Statistical
Data) As of and for the Year Ended June 30, 2019

Schedule I - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

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

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

| | | |
|--|-----------------|-----------|
| Classroom Teacher Salaries | \$ 2,375,869 | |
| Other Instructional Staff Activities | 368,693 | |
| Instructional Staff Employee Benefits | 541,208 | |
| Purchased Professional and Technical Services | 274,985 | |
| Instructional Materials and Supplies | 405,022 | |
| Instructional Equipment | <u>(43,858)</u> | |
| Total Teacher and Student Interaction Activities | | 3,924,919 |

Other Instructional Activities

| | | |
|--|----------|---------|
| Pupil Support Activities | 322,372 | |
| Less: Equipment for Pupil Support Activities | <u>-</u> | |
| Net Pupil Support Activities | | 322,372 |

| | | |
|--|----------|---------|
| Instructional Staff Services | 351,831 | |
| Less: Equipment for Instructional Staff Services | <u>-</u> | |
| Net Instructional Staff Services | | 351,831 |

| | | |
|---|-----------------|------------------|
| School Administration | 1,332,975 | |
| Less: Equipment for School Administration | <u>(17,688)</u> | |
| Net School Administration | | <u>1,315,287</u> |

Total General Fund Instructional Expenditures (Total of Column B) \$ 5,914,409

Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000) \$ 61,546

Certain Local Revenue Sources

Local Taxation Revenue:

| | |
|---|-------------|
| Constitutional Ad Valorem Taxes | \$ - |
| Renewable Ad Valorem Tax | - |
| Debt Service Ad Valorem Tax | - |
| Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes | - |
| Sales and Use Taxes | <u>-</u> |
| Total Local Taxation Revenue | <u>\$ -</u> |

Local Earnings on Investment in Real Property:

| | |
|---|-------------|
| Earnings from 16th Section Property | \$ - |
| Earnings from Other Real Property | <u>-</u> |
| Total Local Earnings on Investment in Real Property | <u>\$ -</u> |

| | |
|--------------------------------------|------|
| State Revenue in Lieu of Taxes: | |
| Revenue Sharing - Constitutional Tax | \$ - |
| Revenue Sharing - Other Taxes | - |
| Revenue Sharing - Excess Portion | - |
| Other Revenue in Lieu of Taxes | - |
| Total State Revenue In lieu of Taxes | \$ - |
| Nonpublic Textbook Revenue | \$ - |
| Nonpublic Transportation Revenue | \$ - |

**Schedule 2 - Class Size Characteristics
As of October 1, 2018**

| School Type | Class Size Range | | | | | | | |
|----------------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
| | 1 - 20 | | 21 - 26 | | 27 - 33 | | 34+ | |
| | Percent | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary | 22% | 9 | 33% | 13 | 45% | 18 | 0% | 0 |
| Elementary Activity Classes | | | | | | | | |
| Middle/Jr. High | 0% | 0 | 20% | 1 | 80% | 4 | 0% | 0 |
| Middle/Jr. High Activity Classes | | | | | | | | |
| High | | | | | | | | |
| High Activity Classes | | | | | | | | |
| Combination | | | | | | | | |
| Combination Activity Classes | | | | | | | | |

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

CORRECTIVE ACTION PLAN

December 31, 2019

Board of Elementary and Secondary Education Auditor

Athlos Academy of Jefferson respectfully submits the following Corrective Action Plan in response to the BESE Agreed-Upon Procedures engagement performed for the year ended June 30, 2019.

Independent Public Accounting Firm:
Kushner LaGraize, L.L.C.
3330 West Esplanade Avenue, Suite 100
Metairie, Louisiana 70002

Audit Period: July 1, 2018 through June 30, 2019

Procedure:

Education Level/Experience of Public School Staff (NO SCHEDULE)

Management's Response to 3: Athlos Academies of Jefferson has implemented procedures to ensure for FY20 and beyond that staff education level and years experience match submitted PEP reports. Additionally, Athlos Academy of Jefferson will employ a human resource specialist, and has implemented an electronic management system that auto-populates education level and years experience for proper documentation.

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

S. DAVID KUSHNER*, CPA, CRFAC
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Athlos Academy of Jefferson and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

I. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories:

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

We obtained the entity's formal written budgeting policies and procedures and noted no exceptions.

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

We obtained the entity's formal written purchasing policies and procedures and noted no exceptions.

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

We obtained the entity's formal written disbursements policies and procedures and noted no exceptions.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

We obtained the entity's formal written receipts and collections policies and procedures and noted no exceptions.

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

We obtained the entity's formal written payroll/personnel policies and procedures; However, they do not address payroll processing or the review and approval process of regular employee attendance. Per discussion with management, we were able to document the entity's informal policies and procedures addressing those areas and noted no exceptions.

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

The entity does not have formal written contracting policies and procedures. However, per discussion with management, we were able to document the entity's informal policies and procedures addressing contracting and noted no exceptions.

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

We obtained the entity's formal written credit card policies and procedures; However, they do not have formal written policies and procedures addressing required approvers of statements or monitoring card usage. Per discussion with management, we were able to document the entity's informal policies and procedures addressing those areas and noted no exceptions.

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

We obtained the entity's formal written expense reimbursement policies and procedures, without exception. However, the entity does not have formal written policies and procedures addressing travel expenditures. Per discussion with management, we were able to document the entity's informal policies and procedures addressing travel expenditures and noted no exceptions.

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

We obtained the entity's formal written ethics policies and procedures; However, they do not address all required areas.

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

Not Applicable – The entity does not have written policies and procedures over debt service as the entity does not issue debt.

- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

The entity does not have formal written disaster recovery/business continuity policies and procedures; However, we were able to document the entity's informal policies and procedures on disaster recovery/business continuity and noted no exceptions.

Board (or Finance Committee, if applicable)

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the Board/Finance Committee met with a quorum at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, bylaws, or other equivalent document.

The Board of Directors met in accordance with policy with a quorum present at each meeting, without exception.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Noted monthly financials as well as budgetary comparisons were reviewed and discussed in each meeting, without exception.

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

N/A – The entity is not a governmental entity.

Bank Reconciliations

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

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date;

Per review of the bank reconciliations, the reconciliations did not include evidence that it was prepared within 2 months of the related statement closing date; However, we verified the date of reconciliation electronically noting no exceptions.

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

Per review of the bank reconciliations, the reconciliations are prepared by an outside financial consulting firm who also handles the entity's financial accounting and reporting. There was no evidence documenting the review of the bank reconciliations by someone other than the preparer.

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

We noted no items outstanding for more than 12 months at the end of the fiscal period.

Collections

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

Management provided the listing, showing all deposit sites and management's representation that the listing is complete.

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

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

Employees who collect cash do not maintain or share cash drawers/registers.

b) Each employee responsible for collecting cash is not responsible for making/preparing bank deposits unless another employee/official is responsible for reconciling collection documentation (pre-numbered receipts) to the deposit.

We noted the employee who prepares the bank deposits is not responsible for collecting the cash.

c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

We noted the employee who posts collection entries is not responsible for collecting the cash.

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

We noted the employee who reconciles cash collections to the general ledger is not responsible for collecting the cash.

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

Per discussion with management, the entity does not have a cash bonding or employee theft policy in place.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

a) Observe that receipts are sequentially prenumbered.

Per discussion with management, the entity does not maintain a system of sequentially prenumbered receipts.

- b) Trace sequentially numbered receipts, systems report, and other related collection documentation to the deposit slip.

We traced supporting documentation for each collection selected to the deposit slip, without exception.

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

We traced the deposit slip for each collection selected to the bank statement, without exception.

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

We noted that one deposit selected was not made within the time frame specified above. The number of days from collection to deposit was 6 business days.

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

We traced each deposit per bank statement back to the general ledger, without exception.

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

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

Management provided the listing and management's representation that the list was complete.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties and observe that job duties are properly segregated such that:

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

Noted proper segregation of duties for the responsibilities listed above, without exception.

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

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

Examined 5 disbursements noting each amount matched the original invoice/billing statement, without exception.

- b) Observe that the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

Examined 5 disbursements noting each showed evidence of proper segregation of duties, without exception.

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

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

Management provided the requested list and management's representation that the listing is complete.

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

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

Examined 1 monthly statement for 3 authorized card holders noting that one monthly statement was not being reviewed and approved by someone other than the authorized card holder.

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

We reviewed 1 monthly statement for 3 authorized card holders noting that 1 monthly statement was assessed a \$5.70 late fee.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by:

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

We reviewed the supporting documentation for 3 monthly card statements noting that 2 transactions were not supported by an itemized copy of the receipt.

- Written documentation of the business/public purpose.

We reviewed the supporting documentation for 3 monthly card statements noting that 1 transaction was not supported by documentation of the business/public purpose.

- Documentation of the individuals participating in meals (or meal charges only)

We reviewed the supporting documentation for 3 monthly card statements noting that 2 meal transactions were not supported with documentation of the individuals participating the meal.

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

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

- a) If reimbursed using a per diem, agree that the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration.

We reviewed 1 transaction reimbursed based on a per diem, noting the reimbursed rate was in accordance with those rates established by the U.S. GSA, without exception.

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

We reviewed the travel reimbursements selected noting that the reimbursements were supported by itemized receipts, without exception.

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

We noted no exceptions in the selected transactions.

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

We noted that all selected transactions showed evidence of review and approval by someone other than the person receiving the reimbursement, without exception.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials, supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

N/A – None of the contracts were subject to the Louisiana Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law.

All contracts were approved by the Board of Directors, without exception.

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

N/A – None of the contracts selected were amended during the fiscal period.

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

We noted no exceptions in the selected invoices.

Payroll and Personnel

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

Paid salaries agree to the authorized salaries/pay rates in the personnel file, without exception.

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g. vacation, sick, etc.)

Of the selected employees, we noted no exceptions related to documentation of daily attendance and leave.

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

Per discussion with management, all attendance and leave are approved electronically. However, there is no documentation maintained supporting supervisory approval.

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

Electronic leave records were noted for all selections, without exception.

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

N/A - The entity did not make any termination payments during the year.

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

We obtained management's representation that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines, without exception.

Ethics

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

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

Management was unable to provide documentation demonstrating the employees selected completed one hour of ethics training during the fiscal period.

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

The entity does not have a policy in place requiring employees to annually attest that they have reviewed the entity's ethics policies through signature verification. As such, there were no employees who provided verification.

Other

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

Per management, there were no funds or assets misappropriated during the period.

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

We observed the notice required by R.S. 24:523.1 posted on the entity's premise and website.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Management has responded, see attached.

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

Kushner LaGraize, L.L.C.

December 30, 2019
Metairie, Louisiana

CORRECTIVE ACTION PLAN

December 31, 2019

Louisiana Legislative Auditor

Athlos Academy of Jefferson respectfully submits the following Corrective Action Plan in response to the Statewide Agreed-Upon Procedures engagement performed for the year ended June 30, 2019.

Independent Public Accounting Firm:
Kushner LaGraize, L.L.C.
3330 West Esplanade Avenue, Suite 100
Metairie, Louisiana 70002

Audit Period: July 1, 2018 through June 30, 2019

Procedures:

Written Policies and Procedures

Management's Response to 1e, 1f, 1g, 1h, 1i, 1k: Athlos Academy of Jefferson is in the process of drafting new policies and revising current policies to formalize policy and procedures in alignment with expectations.

Bank Reconciliation

Management's Response to 3a and 3b: Athlos Academy of Jefferson has hired a Director of Finance to ensure compliance with procedures over bank reconciliations. Additionally, Athlos Academy of Jefferson has implemented procedures that require timestamping and second review of this information.

Collections

Management's Response to 6: Athlos Academy of Jefferson has contacted their insurance provider to ensure appropriate policies and coverage exist for this expectation. Athlos Academy of Jefferson will additionally revise all staff handbooks to contain the proper information.

Management's Response to 7d: Athlos Academy of Jefferson has hired a Director of Finance to ensure proper depositing of funds in a timely manner.

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

Management's Response to 12 and 13: Athlos Academy of Jefferson has hired a Director of Finance to ensure oversight, proper documentation and monitoring of credit card transactions. Additionally, Athlos Academy of Jefferson for FY20 and beyond has implemented a credit card policy and procedures handbook.

Ethics

Management's Response to 20a and 20b: Athlos Academy of Jefferson has implemented for FY20 and beyond that ethics training will be a requirement for employment and included in our staff handbook. Additionally, Athlos Academy of Jefferson will employ a human resource specialist to ensure required trainings are completed and accounted.

Memorandum of Advisory Comments
ATHLOS ACADEMY OF JEFFERSON

June 30, 2019

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***INTERNAL CONTROL
AND RELATED MATTERS***

Kushner LaGraize, L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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Members
American Institute of CPA's
Society of Louisiana CPA's

Board of Directors

ATHLOS ACADEMY OF JEFFERSON

We have audited the financial statements of Athlos Academy of Jefferson (the Academy), as of and for the year ended June 30, 2019, and have issued our report thereon dated December 30, 2019. As part of our audit we considered the Academy's internal control in order to determine the nature, timing, and extent of our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal controls.

Our consideration of the internal controls has been reported on in a separately issued report entitled "*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.*"

This memorandum summarizes various other matters which have come to our attention. While not involving significant deficiencies, these matters do present opportunities for strengthening the internal control and improving the operating efficiency of the Academy.

We have discussed our comments and recommendations with various administrative personnel and board members, and the Academy has completed a corrective action plan. We will be pleased to discuss these comments and suggestions with you in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
December 30, 2019

**ATHLOS ACADEMY OF JEFFERSON
MANAGEMENT LETTER COMMENTS**

June 30, 2019

COMMENT

2019-01

During our testing of credit cards, we noted several transactions were not supported by adequate documentation, such as itemized receipts and documentation of business purpose or individuals participating in meal transactions.

Recommendation

To maintain a strong internal control structure and compliance with applicable laws & regulations, we recommend that management obtain and file all documentation supporting disbursement transactions.

Management's Response

See Management's Corrective Action Plan

2019-02

Athlos Academies' Board Policy 2008, Signature Authority Policy requires two signatures for checks greater than \$15,000. During our audit testing, we noted two checks over \$15,000 that did not contain two signatures.

Recommendation

To maintain a strong internal control structure, we recommend that management continue to follow their policies and procedures to ensure that proper controls are implemented to prevent the potential of a misappropriation of assets, and compliance with applicable policies and procedures.

Management's Response

See Management's Corrective Action Plan

2019-03

Athlos Academies' Cash Handling Procedures Manual requires the use of a cash receipt system. During our audit testing, we noted a cash receipt system is not utilized.

ATHLOS ACADEMY OF JEFFERSON
MANAGEMENT LETTER COMMENTS - CONTINUED
June 30, 2019

Recommendation

To maintain a strong internal control structure, we recommend that management follow their policies and procedures to ensure that proper controls are implemented to prevent the potential of a misappropriation of assets, and compliance with applicable policies and procedures.

Management's Response

See Management's Corrective Action Plan



**MEMORANDUM OF ADVISORY COMMENTS
CORRECTIVE ACTION PLAN**

December 31, 2019

Louisiana State Legislative Auditor

Athlos Academy of Jefferson respectfully submits to you the following corrective action plan for the audit comments for the year ended June 30, 2019.

Kushner LaGraize, LLC
Certified Public Accountants and Consultants
3330 W Esplande Ave - Suite 100
Metairie, la 70002

Audit period: July 1, 2018 – June 30, 2019

Comments

2019-01

During our testing of credit cards, we noted several transactions were not supported by adequate documentation, such as itemized receipts and documentation of business purpose or individuals participating in meal transactions.

Recommendation

To maintain a strong internal control structure and compliance with applicable laws & regulations, we recommend that management obtain and file all documentation supporting disbursement transactions.

Management's Response

Athlos Academy of Jefferson concurs with the recommendation of the auditors. Athlos Academy of Jefferson has hired a Director of Finance to ensure oversight, proper documentation and monitoring of credit card transactions. Additionally, Athlos Academy of Jefferson for FY20 and beyond has implemented a credit card policy and procedures handbook.

2019-02

Athlos Academies' Board Policy 2008, Signature Authority Policy requires two signatures for checks greater than \$15,000. During our audit testing, we noted two checks over \$15,000 that did not contain two signatures.

Recommendation

To maintain a strong internal control structure, we recommend that management continue to follow their policies and procedures to ensure that proper controls are implemented to prevent the potential of a misappropriation of assets, and compliance with applicable policies and procedures.

Management's Response

Athlos Academies of Jefferson reviewed this instance and found it was isolated to one incident that was enacted by a former Executive Director. Since the removal of the previous Executive Director this has not reoccurred.

2019-03

Athlos Academies' Cash Handling Procedures Manual requires the use of a cash receipt system. During our audit testing, we noted a cash receipt system is not utilized.

Recommendation

To maintain a strong internal control structure, we recommend that management follow their policies and procedures to ensure that proper controls are implemented to prevent the potential of a misappropriation of assets, and compliance with applicable policies and procedures.

Management's Response

Athlos Academy of Jefferson concurs with the recommendation of the auditors. Athlos Academy of Jefferson has hired a Director of Finance to ensure oversight and monitoring of cash handling and receipting in accordance with our Cash Handling Procedures Manual.