

**TANGIPAHOA CHARTER SCHOOL
ASSOCIATION, INC.**

FINANCIAL STATEMENTS

For the Years Ended June 30, 2018 and 2017



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TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
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JUNE 30, 2018

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

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Tangipahoa Charter School Association, Inc.
Hammond, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Tangipahoa Charter School Association, Inc. (the School) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School'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 School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Substantial Doubt about the School's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the School will continue as a going concern. As discussed in Note 2 to the financial statements, the School's charter to operate as a type 2 charter school in the state of Louisiana was not renewed by the Louisiana Board of Elementary and Secondary Education (BESE) for the 2019-2020 school year. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments to Agency Head required under Louisiana Revised Statute 24:513A(3) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Carri Riggs & Ingram, L.L.C.

December 27, 2018

TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION

<i>As of June 30,</i>	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 139,051	\$ 100,908
Receivables	120,140	16,274
Prepaid expenses	20,000	33,244
Total Current Assets	279,191	150,426
PROPERTY AND EQUIPMENT		
Leasehold improvements	103,390	31,500
Accumulated depreciation	(36,130)	-
Leasehold improvements, net	67,260	31,500
TOTAL ASSETS	\$ 346,451	\$ 181,926
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	\$ 18,891	\$ 172,574
Accrued payroll liabilities	61,517	51,879
Lines of credit	44,470	50,109
Other liabilities	12,411	93,416
Total Current Liabilities	137,289	367,978
NET ASSETS (DEFICIT) - UNRESTRICTED	209,162	(186,052)
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	\$ 346,451	\$ 181,926

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

TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30,

2018

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND OTHER REVENUES			
Grants			
Federal	\$ 342,953	\$ -	\$ 342,953
State and local Minimum Foundation Program	2,707,228	-	2,707,228
Contributions	1,360	-	1,360
Miscellaneous revenue	90,570	-	90,570
Total Public Support and Other Revenues	3,142,111	-	3,142,111
EXPENSES			
Program expenses	1,715,225	-	1,715,225
Administrative expenses	1,031,672	-	1,031,672
Total Expenses	2,746,897	-	2,746,897
CHANGE IN NET ASSETS	395,214	-	395,214
NET DEFICIT - Beginning of Year	(186,052)	-	(186,052)
NET ASSETS - End of Year	\$ 209,162	\$ -	\$ 209,162

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

TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended June 30,

2017

	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND OTHER REVENUES			
Grants			
Federal	\$ 255,772	\$ -	\$ 255,772
State and local Minimum Foundation Program	2,054,757	-	2,054,757
Contributions	3,696	-	3,696
Miscellaneous revenue	37,627	-	37,627
Total Public Support and Other Revenues	2,351,852	-	2,351,852
EXPENSES			
Program expenses	1,139,045	-	1,139,045
Administrative expenses	913,878	-	913,878
Total Expenses	2,052,923	-	2,052,923
CHANGE IN NET ASSETS	298,929	-	298,929
NET DEFICIT - Beginning of Year	(484,981)	-	(484,981)
NET DEFICIT - End of Year	\$ (186,052)	\$ -	\$ (186,052)

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

TANGIPAOA CHARTER SCHOOL ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

2018

	Program Expenses	Administrative Expenses	Total
Salaries and wages	\$ 974,330	\$ 269,484	\$ 1,243,814
Payroll taxes	85,789	20,027	105,816
Employee benefits	104,825	31,465	136,290
Food service expenses	155,104	-	155,104
Insurance	-	42,847	42,847
Depreciation	36,130	-	36,130
Interest expense	-	4,377	4,377
Maintenance and repairs	29,795	23,545	53,340
Other expenses	1,670	10,658	12,328
Other purchased services	828	28,404	29,232
Property expenses	250	438,935	439,185
Purchased services	131,378	98,819	230,197
Student transportation	101,690	-	101,690
Supplies	42,979	25,606	68,585
Textbooks and workbooks	50,457	-	50,457
Utilities	-	37,505	37,505
Total Expenses	\$ 1,715,225	\$ 1,031,672	\$ 2,746,897

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

TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

2017

	Program Expenses	Administrative Expenses	Total
Salaries and wages	\$ 700,023	\$ 204,630	\$ 904,653
Payroll taxes	49,828	14,824	64,652
Employee benefits	70,771	14,250	85,021
Food service expenses	99,357	-	99,357
Insurance	-	24,323	24,323
Interest expense	-	4,388	4,388
Maintenance and repairs	25,994	10,471	36,465
Other expenses	574	9,606	10,180
Other purchased services	226	2,221	2,447
Property expenses	4,626	404,805	409,431
Purchased services	117,010	162,010	279,020
Student transportation	55,740	-	55,740
Supplies	13,058	35,398	48,456
Textbooks and workbooks	1,838	-	1,838
Utilities	-	26,952	26,952
Total Expenses	\$ 1,139,045	\$ 913,878	\$ 2,052,923

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

TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS

<i>For the Years Ended June 30,</i>	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 395,214	\$ 298,929
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	36,130	-
Changes in operating assets and liabilities:		
Receivables	(103,866)	(9,787)
Prepaid expenses	13,244	(33,244)
Security deposit	-	2,500
Accounts payable	(153,683)	(166,627)
Accrued payroll liabilities	9,638	(14,868)
Other liabilities	(81,005)	93,416
Due to Tangipahoa Parish School Board	-	(96,829)
Net Cash Provided By Operating Activities	115,672	73,490
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(71,890)	(31,500)
Net Cash Used In Investing Activities	(71,890)	(31,500)
CASH FLOW FROM FINANCING ACTIVITIES		
Draws on lines of credit	10,260	-
Payments on lines of credit	(15,899)	(9,523)
Net Cash Used In Financing Activities	(5,639)	(9,523)
NET INCREASE IN CASH AND CASH EQUIVALENTS	38,143	32,467
CASH AND CASH EQUIVALENTS - Beginning of year	100,908	68,441
CASH AND CASH EQUIVALENTS - End of year	\$ 139,051	\$ 100,908
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 4,377	\$ 4,388

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

TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Tangipahoa Charter School Association, Inc. (the School) was established on July 26, 2010. The School entered into a charter school contract dated July 1, 2015, to operate as a Type 2 charter school with an initial term of four years. The initial period will expire on June 30, 2019, unless extended for a maximum initial term of five years, contingent upon the results of a review conducted after the completion of the third year of operation. (See Note 2 for further information.) The School is governed by a board of directors.

During the 2016-2017 school year, the school expanded to include sixth grade. During the 2017-2018 school year, the school expanded to include seventh grade. In classrooms, teachers draw from a variety of art forms including visual, dance, music, theater, literary, and media art. The School strives to provide children with an exemplary education using a rigorous, arts integrated, and globally minded curriculum in a student-centered environment that respects individual capabilities, learning styles and cultures.

Basis of Accounting

The financial statements of the School have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Financial Accounting Standards Board is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

Income Tax Status

The School is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The School believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to financial statements.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates in the near term.

TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The School follows the provisions of the Not-For-Profit Entities Topic of the Financial Accounting Standards Board Accounting Standards Codification 958 (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and classification of resources into three separate categories of net assets, as follows:

- Unrestricted – Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted – Net assets whose use by the School is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the School pursuant to those stipulations. There were no temporarily restricted net assets as of June 30, 2018 and 2017.
- Permanently Restricted – Net assets whose use by the School is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the School. There were no permanently restricted net assets as of June 30, 2018 and 2017.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the School considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Receivables

Receivables consisted of the unpaid balance as of year-end for State and Federal awards. Grants are billed to the awarding agency based on expenses incurred on a reimbursement basis. Receivables are stated at the amount management expects to collect from outstanding balances. There was no allowance for doubtful accounts as of June 30, 2018 and 2017.

Contributions

In accordance with the Financial Accounting Standards Board, contributions received are recorded as unrestricted or restricted support, depending on the existence and/or nature of any donor restrictions. As of June 30, 2018 and 2017, the School did not have any contributions with donor-imposed restrictions that resulted in temporarily or permanently restricted net assets.

TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Additions to property and equipment are capitalized in accordance with the Louisiana Accounting and Uniform Governmental Handbook, which requires the School to capitalize equipment purchases with a cost greater than \$5,000 and a useful life greater than one year.

Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset as follows:

Leasehold improvements	Remaining life of lease or 5 years, whichever is lesser
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Depreciation expense was \$36,130 for the year ended June 30, 2018. There was no depreciation expense as of June 30, 2017 as the leasehold improvements were not yet in service.

Impairment of Long-Lived Assets

The School reviews long-lived assets, consisting of property and equipment and cost in excess of net income acquired, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. The School determines recoverability of assets by comparing the carrying value of the asset to the net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded during 2018 or 2017.

Donated Equipment, Services, and Materials

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the years ended June 30, 2018 and 2017, there were no non-cash contributions or donated services meeting the requirements for recording in the financial statements.

Compensated absences

Seven sick days and three personal days are granted each year to each full-time employee. When exceeding days for sick leave, employees will be docked a percentage of annual pay. Unused sick and/or personal days do not roll over to the next year and are not paid out upon termination.

TANGIPAOA CHARTER SCHOOL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Financial Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The purpose of this ASU is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the balance sheet and disclosing key information about leasing arrangements. The changes primarily focus in on Lessee, not Lessor. The concepts of capital and operating leases are maintained but the primary difference to previous GAAP is recognition of assets and liabilities for leases classified as operating leases. The ASU is effective for fiscal year-ending June 30, 2021, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the School's financial statements. Management is currently evaluating the impact of this standard. The School has not elected to early adopt this standard.

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under this ASU, net assets will be presented in two classes: net assets with donor restrictions and net assets without donor restrictions. Underwater endowments will be included in net assets with donor restrictions and new or enhanced disclosures regarding the composition of net assets will be required. Disclosures regarding liquidity and availability of resources for general operating expenditures within one year of the date of the statement of financial position must also be presented. The ASU requires expenses to be presented by both nature and function, and investment return will be presented net of investment expenses. Absent specific donor stipulations, The School will use the placed-in-service approach for reporting expirations of restrictions on long-lived assets. The ASU is effective for fiscal year-ending June 30, 2019, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the School's financial statements. Management is currently evaluating the impact of this standard. The School has not elected to early adopt this standard.

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230). The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. GAAP currently does not include specific guidance on the cash flow classification and presentation of changes in restricted cash or restricted cash equivalents other than limited guidance for not-for-profit entities. Specifically, there is no

guidance to address how to classify and present changes in restricted cash or restricted cash equivalents that occur when there are transfers between cash, cash equivalents, and restricted cash or restricted cash equivalents and when there are direct cash receipts into restricted cash or

TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Financial Accounting Pronouncements (Continued)

restricted cash equivalents or direct cash payments made from restricted cash or restricted cash equivalents. The amendments in this Update are an improvement to GAAP because they provide guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows, thereby reducing the diversity in practice described above. The ASU is effective for fiscal year-ending June 30, 2020, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the School's financial statements. Management is currently evaluating the impact of this standard. The School has not elected to early adopt this standard.

NOTE 2 – GOING CONCERN

In December 2018, the School's charter to operate as a type 2 charter school in state of Louisiana was revoked by the Louisiana Board of Elementary and Secondary Education (BESE) for its fifth year, the 2019-2020 school year. This led to substantial doubt regarding the School's ability to continue as a going concern for the year following the date the financial statements are available to be issued.

BESE provided an option for a reassessment in March of 2019 if the School is able to find an acceptable management company to take over as operator. The School's management and the Board of Directors are in the process of inquiring of charter school management companies. The financial statements do not include any adjustments that might be necessary if the School is unable to continue as a going concern.

NOTE 3 – CONCENTRATION OF CREDIT RISK

At June 30, 2018 and 2017, the School had bank balances totaling \$214,611 and \$141,232, respectively, on deposit in two financial institutions located in Louisiana. The banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At June 30, 2018 and 2017, the School did not have any uninsured cash deposits. The School has not experienced a loss and does not believe it has significant exposure to credit risk.

The primary funding sources of the School is the Minimum Foundation Program (MFP) funding, which is provided by state and local sources to all public school systems in Louisiana based on annual October 1st student counts, and various direct and pass-through grants from federal and state agencies. If the amount of MFP and grants received fall below the expected student count and contract levels, respectively, the School's operating results could be adversely affected. MFP revenue accounted for 86% and 87% of the School's total support for the years ended June 30, 2018 and 2017, respectively.

Federal grants are on a cost reimbursement basis and accounted for 11% and 11% of the School's total support for the years ended June 30, 2018 and 2017, respectively.

TANGIPAOHA CHARTER SCHOOL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – RECEIVABLES

Receivables are deemed to be fully collectible by management and were comprised of the following as of June 30:

	2018	2017
Child nutrition	\$ 71,223	\$ 7,503
Title I	35,286	4,606
IDEA B	13,631	4,615
Total Receivables	\$ 120,140	\$ 16,274

NOTE 5 – RETIREMENT PLAN

The School sponsors a 401(k) plan. Employees that meet the eligibility requirements outlined in the summary plan description may elect to defer up to 100% of compensation on a pre-tax basis, subject to Federal limits. The School may elect to make discretionary matching contributions during any plan year. Matching contributions vest according to the number of years of service as outlined in the summary plan description. The School did not elect to make discretionary matching contributions during the years ended June 30, 2018 and 2017.

NOTE 6 – LINES OF CREDIT

On October 7, 2015, the School obtained a line of credit with a maximum draw amount of \$40,000 and increased to \$250,000 in July 2018. The line of credit terminates anytime at the lender's sole discretion at which point the outstanding balance will be due and payable. A minimum payment is due monthly and is the greater of 2% of the outstanding balance or a minimum of \$250, plus any amount past due and all other charges. The interest rate is a 3.75% margin added to the index rate with a minimum annual percentage rate of 4.75%. The interest rate as of June 30, 2018 and 2017 was 8.50% and 7.75%, respectively. Interest paid on this line of credit during the period ended June 30, 2018 and 2017 was \$2,601 and \$2,536, respectively. The outstanding balance as of June 30, 2018 and 2017, was \$25,958 and \$30,546, respectively.

On April 15, 2015, the School obtained a line of credit with a maximum draw amount of \$25,000. The initial promissory note had a maturity date of August 15, 2015, with a fixed interest rate of 7.75%. This note was reissued effective June 14, 2016, with a maturity date of December 10, 2016, and a fixed interest rate of 6.75%. This note was extended on January 27, 2017 with a maturity of July 28, 2017 with a fixed interest rate of 6.75%. This note was extended on August 21, 2018 with a maturity of August 21, 2019 with a fixed interest rate of 7.70%. Interest paid on this line of credit during the period ended June 30, 2018 and 2017 was \$1,357 and \$1,787, respectively. The outstanding balance as of June 30, 2018 and 2017 was \$18,512 and \$19,563.

NOTE 7 – MINIMUM FOUNDATION PROGRAM GRANTS

The Minimum Foundation Program formula adopted by the State Board of Elementary and Secondary Education (SBESE) and approved by the State Legislature determines the cost of a minimum foundation program of education in all public elementary and secondary schools and helps to allocate the funds equitably to parish, city and other local school systems. Funding through the Minimum Foundation Program is essentially in the form of a block grant from the State to the local school systems. Revenues received by the State are from sales tax revenues, ad valorem taxes, and other sources which are allocated to each school based on its enrollment and other student characteristics. The School averaged 315 and 250 students enrolled for each school year, respectively, and recognized revenue under this grant of \$2,707,228 and \$2,054,757 for the years ended June 30, 2018 and 2017, respectively.

NOTE 8 – COMMITMENTS

The School has employment contracts with most of its employees. The contracts for the current year expired on June 30, 2018. All contracts provided for a minimum annual salary and other benefits.

NOTE 9 – CONTINGENCIES

State Funding – The continuation of the School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the State Board of Elementary and Secondary Education (SBESE). 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 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 – LEASES

Administrative Office Space

The School leased office space for administrative purposes under a six month lease agreement commencing February 15, 2015. Lease payments were \$800 per month. Lease expenses related to this lease for the year ended June 30, 2016 were \$800 based on the School using the space for one month during the year. The School reoccupied the lease space on a month-to-month basis for the period July 2016 through December 2016, until it moved to a new location in December 2016.

TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – LEASES (CONTINUED)

North Richardson Street Property

The School leased its educational premises under a six month triple net lease commencing July 1, 2015. The lease automatically renewed for a term of six months with a 3% yearly increase, plus taxes and insurance. Lease expenses related to this lease for the year ended June 30, 2017 were \$58,623. As of June 30, 2017, there was an outstanding liability to this lessor in the amount of \$70,000, which was satisfied as of June 30, 2018.

Yokum Road Property

During fiscal 2017, the School moved its office space and educational premises to a new location and entered into a new lease. The lease commenced on January 1, 2017, with a term of three years. Lease payments were due monthly in the amount of \$15,000 until June 2017 when the rent increased to \$20,000 per month through December 31, 2018. Lease payments increase to \$25,000 per month from January 1, 2019 through December 31, 2019. The School is responsible for taxes, insurance, maintenance, and utilities, in accordance with the lease agreement. Lease expenses related to this lease for the year ended June 30, 2018 and 2017 were \$240,000 and \$90,000, respectively.

The minimum lease payments are as follows for the years ending June 30,:

2019	\$	270,000
2020		150,000
<hr/>		
Total	\$	420,000

NOTE 11 – BOARD OF DIRECTORS' COMPENSATION

The members of the Board of Directors serve in a voluntary capacity, therefore, no compensation, per diem, or travel allowances were paid to any board member during the years ended June 30, 2018 and 2017.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 27, 2018, and determined that, except as noted in Note 2 and Note 6, no material events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion in these financial statements.

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
SCHEDULE OF COMPENSATION, BENEFITS
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018**

Agency Head Name: George Williams, Head of School

PURPOSE	Amount
Salary	\$ 57,361
Benefits-health insurance	5,581
Benefits-retirement	-
Deferred compensation	-
Workers compensation	-
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-Fica and Medicare	4,451
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	10
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	11,507
Total	\$ 78,910

See independent auditors' report.



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

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

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

To the Board of Directors of
Tangipahoa Charter School Association, Inc.
Hammond, 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 Tangipahoa Charter School Association, Inc. (the School) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist which were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be

material weaknesses. See Finding 2018-001 in the accompanying schedule of findings and responses.

Compliance and Other Matters

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

The School's Response to Finding

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The School'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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

December 27, 2018

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2018**

SECTION I - SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Tangipahoa Charter School Association, Inc. (a nonprofit organization).
2. No instances of noncompliance material to the financial statements of Tangipahoa Charter School Association, Inc., which would be required to be disclosed under *Government Auditing Standards*, was disclosed and identified during the audit.
3. No instances of material noncompliance with laws, rules, and regulations were identified during the audit.

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2018-001 Material Weakness: Lack of Support for Public Records

Criteria: As an entity that receives public funds and reports to the Louisiana Legislative Auditor, the School is required to adhere to Louisiana Revised Statute (LA R.S.) 44:36 stating that "...public records shall be preserved and maintained for a period of at least three years from the date on which the public record was made."

Condition: The School did not maintain support for public records as required by LA R.S. 44:36.

Cause: The School did not have appropriate policies and procedures in place for maintenance of public records in accordance with LA R.S. 44:36.

Effect: Certain public records (i.e., financial transactions) tested through audit procedures were not appropriately supported.

Recommendation: The School should design, implement and monitor policies and procedures to ensure compliance with LA R.S. 44:36.

Management's Response and Corrective Action Plan: See page 23.

SECTION III – FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

No matters are reportable.

**TANGIPAOHA CHARTER SCHOOL ASSOCIATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2017-001 Lack of Consistent Documentation Around Initiation and Transaction Approval

Criteria: All transactions should have consistent documentation around initiation and approval, including debit card transactions, disbursements, and receipts.

Recommendation: Tangipahoa Charter School Association, Inc.'s management and Board should ensure that written policies and procedures are in place around documentation on initiation and approval around transactions.

Current Year Status: *Resolved* – All material accounts were reconciled timely and accurately.

SECTION III – FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

Finding 2017-002 Timely Retirement Contributions

Criteria: The Department of Labor requires that the employer deposit deferrals to the trust as soon as reasonably possible; however, in no event can the deposit be later than the 15th business day of the month following the month in which contributions are received or withheld by the employer.

Recommendation: We recommend that management implement policies and procedures to ensure employee retirement contributions are remitted to the retirement plan timely.

Current Year Status: *Resolved* – Employee deferrals remitted consistently.

Finding 2017-003: Open Meetings Law

Criteria: Tangipahoa Charter School Association, Inc. is required to make their board minutes available within a reasonable time after their meeting.

Recommendation: We recommend that minutes are made available timely according Louisiana State Statue R.S. 42:21.

Current Year Status: *Resolved* – Board minutes made available within a reasonable time after board meetings.

Finding 2017-004 Background Check Compliance

Criteria: The School's current internal control structure or operation does not allow management or staff to identify if background checks have been completed or reviewed for adequacy.

**TANGIPAHOA CHARTER SCHOOL ASSOCIATION, INC.
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Recommendation: We recommend that management implement internal control procedures for the performance and review of background checks for all employees in a timely manner.

Current Year Status: *Resolved* – Background checks performed timely and maintained.

Finding 2017-005 Minimum Foundation Program (MFP) Student Parish Classification

Criteria: Funding amounts received by the School on behalf of the Minimum Foundation Program are based on the Parishes in which their student population resides.

Recommendation: Tangipahoa Charter School Association, Inc.'s management and Board should ensure that student's parish information is accurate prior to remitting the MFP worksheet to the grant administrators.

Current Year Status: *Resolved* – Accurate information remitted to grant administrators.

December 27, 2018

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

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

RE: Management's Response to Financial Statement Findings (Section II)
Tangipahoa Charter School Association, Inc.

Dear Sirs:

Tangipahoa Charter School Association, Inc.'s management's corrective action plan is as follows:

SECTION II – FINANCIAL STATEMENT FINDINGS

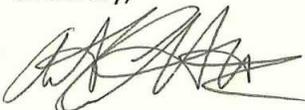
Finding 2018-001 Material Weakness: Lack of Support for Public Records

Planned Corrective Action: The School will design, implement and monitor policies and procedures to ensure compliance with LA R.S. 44:36.

Anticipated Completion Date: June 30, 2019

Responsible Party: Tony Enterante, Executive Director

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Enterante", with a stylized flourish at the end.

Tony Enterante
Executive Director

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To Tangipahoa Charter School Association, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Tangipahoa Charter School Association, Inc. (the School) the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

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

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

Results: 3 of 25 transactions selected were not classified correctly.

Class Size Characteristics (Schedule 2)

2. Obtain a list of classes by school, school type, and class size as reported on the schedule. Trace a random sample of 10 classes to the October 1, 2017 roll books for those classes and determine that the class is properly classified on the schedule.

Results: No exceptions were found as a result of applying the procedure.

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

3. Obtain October 1st 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. Select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's education level and experience is properly classified on the PEP data or equivalent listing prepared by management.

Results: No exceptions were found as a result of applying the procedures.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. Obtain 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 obtain management's representation that the data/listing is complete. Select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's salary, extra compensation, and full-time equivalents are properly included on the PEP data (or equivalent listing prepared by management).

Results: 6 of 25 sampled individual's personnel file's salary information did not agree to the June 30th PEP data submitted to the Department of Education.

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.

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 School, as required by Louisiana Revised Statute 24:514.I, 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.

Carly Riggs & Ingram, L.L.C.

December 27, 2018

TANGIPAOA CHARTER SCHOOL ASSOCIATION, INC.

SCHEDULE 1

**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2018**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 2,351,818	
Other instructional staff activities	157,690	
Instructional Staff Employee benefits	534,396	
Purchased professional and technical services	869,263	
Instructional materials and supplies	208,642	
Less instructional equipment	<u>(29,795)</u>	
Total teacher and student interaction activities		\$ 4,092,014

Other instructional activities -

Pupil support activities	\$ 86,846	
Less equipment for pupil support activities	<u>-</u>	
Net pupil support activities		<u>86,846</u>

Instructional Staff Services	\$ 22,133	
Less equipment for instructional staff services	<u>-</u>	
Net instructional staff services		<u>22,133</u>

School Administration	\$ 299,495	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>299,495</u>

Total general fund instructional expenditures \$ 4,500,488

Total general fund equipment expenditures \$ 29,795

Certain Local Revenue Sources

Not applicable to the School

See independent accountants' report on applying agreed upon procedures.

**CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2018**

As of October 1, 2017

	Class Size Range							
	1-20		21-26		27-33		34+	
School Type	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	37.0%	34	17.4%	16	-	-
Elementary Activity Classes	-	-	32.6%	30	13.0%	12	-	-
Middle / Jr. High	-	-	-	-	-	-	-	-
Middle / Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

Note: The Board of Elementary and Secondary Education (BESE) 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.

**TANGIPAHOA CHARTER SCHOOL
ASSOCIATION, INC.**

AGREED-UPON PROCEDURES REPORT

For the Year Ended June 30, 2018



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Tangipahoa Charter School Association, Inc.
Hammond, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Board of Tangipahoa Charter School Association, Inc. (the School) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The School'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 below either for the purpose for which this report has been requested or for any other purpose.

The required procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the School'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.
Results: No exceptions were found as a result of applying the procedure.
 - 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; and (4) documentation required to be maintained for all bids and price quotes.
Results: No exceptions were found as a result of applying the procedure.
 - c) ***Disbursements***, including processing, reviewing, and approving.
Results: No exceptions were found as a result of applying the procedure.
 - 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.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

Board

- 2. Obtain and inspect the board minutes for the fiscal period, as well as the bylaws in effect during the fiscal period, and:

- a) Observe that the board met with a quorum on a frequency in accordance with the bylaws.

Results: No exceptions were found as a result of applying the procedure.

- b) Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the School's collections during the fiscal period.

Results: No exceptions were found as a result of applying the procedure.

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 School's main operating account. Select the School's main operating account and the Mississippi River Bank account. Randomly select the month of December from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each account, and observe that:

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Select the one deposit site listed.

Results: No exceptions were found as a result of applying the procedure.

- 5. For the one deposit site, obtain a listing of collection locations and management's representation that the listing is complete. Select the only collection location for the only deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- d) The employees responsible for reconciling cash collections to the general ledger by revenue source are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

7. Randomly select two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
Results: Exception identified; sequentially pre-numbered receipts could not be provided for six (6) of six (6) deposits selected.
 - b) Traced sequentially pre-numbered receipts, system reports, or other related collection documentation to the deposit slip.
Results: Exception identified; sequentially pre-numbered receipts could not be provided for six (6) of six (6) deposits selected. Deposit slips could not be provided for four (4) of six (6) deposits selected.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
Results: Exception identified; deposit slips could not be provided for four (4) of six (6) deposits selected.
 - d) Observe that the deposit was made within one business day of collection (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
Results: Exception identified; documentation supporting that each deposit was made timely could not be provided for five (5) of six (6) deposits.
 - e) Traced the actual deposit per the bank statement to the general ledger.
Results: No exceptions were found as a result of applying the procedure.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Select the only location.
Results: No exceptions were found as a result of applying the procedure.
9. For the one 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.
Results: Exception identified; CFO has the ability to initiate, approve, and purchase without a second employee being involved.
 - b) At least two employees are involved in processing and approving payments to vendors.
Results: Exception identified; CFO has the ability to process and approve payments to vendors.

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

Results: Exception identified; CFO has the ability to add/modify vendor files without another employee periodically reviewing changes to vendor files.

- d) The employee or board member responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: Exception identified; CFO has the ability to process payments, sign checks, and mail checks.

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

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

Results: Exception identified; one (1) of five (5) disbursement selected did not have supporting documentation provided.

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

Results: Exception identified; one (1) of five (5) disbursement selected did not have supporting documentation provided. [Note: same disbursement selected with exception in 10. a)]

Credit Cards/Debit Cards

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

Results: No exceptions were found as a result of applying the procedure.

12. Using the listing prepared by management, select the three (3) cards used during the fiscal period. Randomly select the June 2018 statement for two (2) cards and May 2018 for one (1) card, obtain supporting documentation, and:

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

13. Using the monthly statements selected under #12 above, excluding fuel cards, randomly select all transactions from the three (3) credit cards (thirteen transactions in total), as there were less

than ten (10) transactions on each, and obtain supporting documentation for the transactions. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Results: Exception identified; two (2) of the thirteen (13) transactions selected did not have itemized receipts provided; two (2) of the thirteen (13) transactions selected did not have a stated purpose; and two (2) of the thirteen (13) transactions selected it was undeterminable if the credit card charge was for a meal.

Travel and Travel-Related Expense Reimbursements (excluding credit 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 three (3) reimbursements as there were less than five (5) reimbursements during the year, obtain the related expense reimbursement forms of each selected reimbursement and the supporting documentation. For each of the three (3) reimbursements selected:

Results: No exceptions were found as a result of applying the procedure.

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

Results: No reimbursement using per diem in the three (3) selected reimbursements.

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

Results: Exception identified; three (3) of the three (3) reimbursements selected did not have original itemized receipts provided.

c) Observe that each reimbursement is supported by documentation of the business/public purpose and other documentation required by written policy (procedure #1h).

Results: Exception identified; three (3) of the three (3) reimbursements selected did not have a stated purpose.

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

Results: No exceptions were found as a result of applying the procedure.

Payroll and Personnel

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

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

16. Randomly select one pay period during the fiscal period. For the five employees selected under #15 above, obtain attendance records and leave documentation for the pay period, and:

a) Observe that all selected employees documented their daily attendance and leave (vacation and sick).

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: Exception identified; cumulative leave records were unable to be provided for five (5) of the five (5) employees selected.

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

Results: No exceptions were found as a result of applying the procedure.

18. 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.

Results: No exceptions were found as a result of applying the procedure.

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

The purpose of this report is solely to describe the scope of procedures performed on those C/C areas identified in the SAUPs, and the result of these procedures, 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.

Carr, Riggs & Ingram, L.L.C.

December 27, 2018

December 27, 2018

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

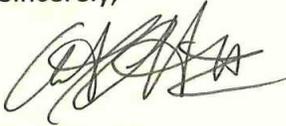
Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures
Tangipahoa Charter School Association, Inc.

Dear Sirs:

Tangipahoa Charter School Association, Inc. will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,

A handwritten signature in black ink, appearing to read "Tony Enterante", written in a cursive style.

Tony Enterante
Executive Director