
LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NEW ORLEANS, LOUISIANA

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019



Postlethwaite & Netterville

A Professional Accounting Corporation

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LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
Lycée Français de la Nouvelle-Orléans
New Orleans, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Lycée Français de la Nouvelle-Orléans (a nonprofit organization) (Lycée) which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and cash flows for the years ended June 30, 2019 and 2018, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lycée Français de la Nouvelle-Orléans as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, Lycée adopted Accounting Standards Update No. 2016-14 Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*, in the current year related to the presentation of financial statements. Our opinion is not modified with respect to this matter.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information included on pages 14 - 16 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the consolidated 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 20, 2019, on our consideration of Lycée'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lycée's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering Lycée's internal control over financial reporting and compliance.



New Orleans, Louisiana
December 20, 2019

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 3,344,130	\$ 3,026,178
Accounts receivable, net	35,431	57,300
Grants receivable - due from government agencies	170,663	178,833
Prepaid expenses	<u>228,790</u>	<u>60,666</u>
Total current assets	<u>3,779,014</u>	<u>3,322,977</u>
Promises to give for long term purposes	331,607	-
Cash restricted for long term purposes	258,466	13,503
Property, plant, and equipment, net	<u>1,828,511</u>	<u>1,886,984</u>
Total assets	<u>\$ 6,197,598</u>	<u>\$ 5,223,464</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 681,965	\$ 657,320
Deferred revenue	<u>112,834</u>	<u>72,065</u>
Total current liabilities	<u>794,799</u>	<u>729,385</u>
Total liabilities	<u>794,799</u>	<u>729,385</u>
<u>NET ASSETS</u>		
Without donor restrictions	4,754,389	4,482,076
With donor restrictions	<u>648,410</u>	<u>12,003</u>
Total net assets	<u>5,402,799</u>	<u>4,494,079</u>
Total liabilities and net assets	<u>\$ 6,197,598</u>	<u>\$ 5,223,464</u>

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

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support:						
Federal grants	\$ 549,378	\$ -	\$ 549,378	\$ 512,420	\$ -	\$ 512,420
State grants	9,818,087	-	9,818,087	8,763,326	-	8,763,326
Tuition and activity income	513,732	-	513,732	546,183	-	546,183
Contributions	163,501	636,407	799,908	188,988	12,003	200,991
Food service	129,449	-	129,449	127,988	-	127,988
Other income	45,851	-	45,851	18,428	-	18,428
 Total revenues and other support	 11,219,998	 636,407	 11,856,405	 10,157,333	 12,003	 10,169,336
Expenses:						
Program services:						
Elementary and kindergarten	4,069,286	-	4,069,286	3,691,056	-	3,691,056
Prekindergarten	374,931	-	374,931	283,329	-	283,329
Special education	1,289,424	-	1,289,424	1,267,868	-	1,267,868
Operations and maintenance	955,882	-	955,882	931,029	-	931,029
Extracurricular activities	174,221	-	174,221	135,490	-	135,490
Aftercare	159,755	-	159,755	194,905	-	194,905
Student services	534,365	-	534,365	496,092	-	496,092
Other program services	87,419	-	87,419	73,006	-	73,006
Total program services	7,645,283	-	7,645,283	7,072,775	-	7,072,775
Support services:						
Business services and payroll	1,917,290	-	1,917,290	1,676,222	-	1,676,222
Management and general	483,051	-	483,051	486,893	-	486,893
Professional and technical services	250,707	-	250,707	287,321	-	287,321
Other support services	651,354	-	651,354	470,030	-	470,030
Total support services	3,302,402	-	3,302,402	2,920,466	-	2,920,466
 Total expenses	 10,947,685	 -	 10,947,685	 9,993,241	 -	 9,993,241
 Change in net assets	 272,313	 636,407	 908,720	 164,092	 12,003	 176,095
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<u>4,482,076</u>	<u>12,003</u>	<u>4,494,079</u>	<u>4,317,984</u>	<u>-</u>	<u>4,317,984</u>
<u>NET ASSETS AT END OF THE YEAR</u>	<u>\$ 4,754,389</u>	<u>\$ 648,410</u>	<u>\$ 5,402,799</u>	<u>\$ 4,482,076</u>	<u>\$ 12,003</u>	<u>\$ 4,494,079</u>

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

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in net assets	\$ 908,720	\$ 176,095
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	160,335	146,111
Bad debt expense	63,043	71,901
Contributions for long term purposes	(636,407)	-
Changes in operating assets and liabilities:		
Accounts receivable	(41,174)	(79,506)
Grants receivable - due from government agencies	8,170	(29,021)
Prepaid expenses	(168,124)	18,634
Accounts payable and accrued expenses	24,645	66,830
Deferred revenue	40,769	(30,407)
	<u>359,977</u>	<u>340,637</u>
Net cash provided by operating activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchases of property and equipment	(101,862)	(904,090)
	<u>(101,862)</u>	<u>(904,090)</u>
Net cash used in investing activities		
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Contributions for long term purposes	243,800	-
	<u>243,800</u>	<u>-</u>
Net cash provided by investing activities		
Net increase (decrease) in cash	501,915	(563,453)
Cash, beginning of year	3,039,681	3,603,134
	<u>3,039,681</u>	<u>3,603,134</u>
Cash, end of year	<u>\$ 3,541,596</u>	<u>\$ 3,039,681</u>
<u>RECONCILIATION TO STATEMENTS OF FINANCIAL POSITION</u>		
Cash and cash equivalents for cash flow statement include:		
Cash	3,344,130	3,026,178
Cash restricted for long term purposes	258,466	13,503
	<u>\$ 3,602,596</u>	<u>\$ 3,039,681</u>

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

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

Lycée Français de la Nouvelle-Orléans (Lycée) was incorporated as an educational institution organized to create a top-notch academic and multicultural school environment to inspire its students to reach their full potential. Lycée commenced operations with the 2011-2012 school year. At June 30, 2019, Lycée offers classes in Pre-K4 through ninth grade organized per the French education model.

The Board of Elementary and Secondary Education (BESE) approved the granting of a charter to Lycée effective June 30, 2011 for an initial period ending on June 30, 2016, to operate a Type 2 Charter School, as defined in LA R.S. 17:3998(A)(2). This charter was renewed on July 1, 2016 for seven years ending on June 30, 2023.

During the year ended June 30, 2018, Amis du Lycée Français (Amis du Lycée) was incorporated as a supporting foundation organized to assist Lycée with fundraising. Lycée is the sole corporate member of Amis du Lycée.

The consolidated financial statements include the accounts of Lycée and Amis du Lycée because Lycée has both control and an economic interest in Amis du Lycée. All significant intercompany balances and transactions have been eliminated in consolidation.

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

US GAAP requires Lycée 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 Lycée. These net assets may be used at the discretion of Lycée’s management and 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 Lycée or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increase 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 consolidated statements of activities.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Cash

Cash includes amounts on deposit at local financial institutions. Lycée holds no cash equivalents as of June 30, 2019 and 2018.

Accounts and Grants Receivable

Accounts receivable and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2019 and 2018, management has established an allowance of \$69,107 and \$44,730, respectively, for estimated uncollectible receivables.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets or decreases of liabilities depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All promises to give are deemed by management to be collectible.

Property, Plant, and Equipment

Lycée capitalizes all expenditures for property and equipment in excess of \$5,000 and expenditures for repairs and improvements that materially prolong the useful lives of assets capitalized. Property is recorded at historical cost or, if donated, at the approximate fair value at the date of donation. Depreciation of these assets is provided on the straight-line basis over their estimated useful lives of 5 years for technology, 5-7 years for leasehold improvements, 7-10 years for furniture and equipment and 39 years for building. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are not recognized until the conditions on which they depend have been substantially met.

Revenues from federal and state grants are recorded when Lycée has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by Lycée, or when otherwise earned under the terms of the grants.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition (continued)

Tuition revenue includes school year tuition for Pre-K4, summer camp tuition, and fees related to afterschool care services. Tuition received in advance is deferred to the applicable period in which the related services are performed.

Contributed Services

Lycée receives services donated by parents and community members in carrying out Lycée's mission; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by US GAAP.

Use of Estimates

The preparation of consolidated 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 disclosures and the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statement of activities. Note 8 presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the instructional and supporting services benefited. The majority of costs incurred are charged directly to the function that benefits from the expense. Key expense categories that are allocated include salaries and benefits as well as occupancy. Salaries and benefits are allocated based on time and effort. Occupancy is allocated based on use of space.

Tax Exempt Status

Lycée and Amis du Lycée are nonprofit organizations exempt from income taxes under provisions of the Internal Revenue Service Code Sections 501(c) (3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes.

Lycée applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of implementing this approach, Lycée has reviewed its tax positions and determined there were no outstanding or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Reclassification

Certain amounts in the 2018 consolidated financial statements have been reclassified to conform to the current year presentation.

Recent Accounting Pronouncements – Adopted

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. Lycée has implemented ASU 2016-14 and has adjusted the presentation in these consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

Accounting Pronouncements Issued but not yet Adopted

FASB has issued ASU No. 2014-09, “Revenue from Contracts with Customers,” to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This ASU will be effective for Lycée’s year ending June 30, 2020. Lycée is currently evaluating the impact ASU 2014-09 will have on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08 “Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU will be effective for Lycée’s year ending June 30, 2020. Lycée is currently evaluating the impact ASU 2018-08 will have on the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, to simplify the lease standard’s implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years’ results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of retained earnings. The updated guidance is effective for Lycée’s year ending June 30, 2022. Lycée is currently assessing the impact of ASU 2016-02 on the consolidated financial statements.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Liquidity and Availability

LFNO regularly monitors the availability of resources required to meet its operating needs and other contractual commitments.

LFNO receives the majority of its revenue from the State of Louisiana Minimum Foundation Program Funding and from various federal grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments.

LFNO manages its available cash to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance for 60 days of operating expenses.

The following represents Lycée's financial assets and those available to meet general expenditures within twelve months at June 30, 2019.

Financial assets at year end:

Cash	\$ 3,602,596
Accounts receivable, net	35,431
Grants receivable - due from government agencies	170,663
Promises to give for long term purposes	<u>331,607</u>
Total financial assets	4,140,297
Less: amounts not available to be used on general expenditures within twelve months:	
Net assets with donor restrictions	<u>648,410</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 3,491,887</u></u>

LYCÉE FRANCAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Property, Plant, and Equipment

Property, plant, and equipment consist of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 360,000	\$ 360,000
Building and improvements	152,633	147,662
Leaschold improvements	405,553	405,553
Furniture, fixtures, and equipment	518,545	440,950
Construction-in-progress	850,215	830,919
	<u>2,286,946</u>	<u>2,185,084</u>
Less accumulated depreciation	<u>(458,435)</u>	<u>(298,100)</u>
Property, plant, and equipment, net	<u>\$ 1,828,511</u>	<u>\$ 1,886,984</u>

In May 2017, Lycée entered into a non-compensatory lease agreement with the Louisiana State Department of Education through the Recovery School District (RSD) whereby it was agreed that the RSD will lease a school campus (Johnson Campus) to Lycée commencing in May 2017 through June 2019. Due to the transition of all public schools to Orleans Parish School Board from the RSD, the lease was renewed with OPSB as the lessor and a revised lease term of July 2018 through June 2021. The land and building is not owned by Lycée and therefore is not included in property, plant, and equipment.

4. Promises to Give

At June 30, 2019, unconditional promises to give of \$331,607 are due as follows:

Less than one year	\$ 217,312
Due in one to five years	114,295
	<u>\$ 331,607</u>

5. Net Assets with Donor Restrictions

Net assets with donor restrictions consist of net assets of \$587,410 and \$12,003 restricted for long-term purposes, being the construction of the Priestley campus, as of June 30, 2019 and 2018, respectively, and net assets of \$61,000 restricted by time and purpose as of June 30, 2019.

6. Line of Credit

On February 3, 2017, Lycée obtained a line of credit of \$300,000 with a local financial institution at a rate based on Wall Street Journal Prime. The line matured on February 2, 2018 and was not renewed. The balance on the line of credit was \$0 at maturity.

LYCÉE FRANCAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Operating Leases

During the year ended June 30, 2019, Lycée had several lease agreements in place for the school facilities used. Lycée leases facilities at its Patton Street and Eleonore Street campuses, and one additional property (the Carrollton Premises) currently not occupied by Lycée. The Carrollton Premises lease expired on June 30, 2019. The remaining lease terms range from one to nine years and have maturities ranging from 2019 to 2027. All leases in effect as of June 30, 2019 have renewal options. The fixed minimum amount for the Patton lease will increase at 5% annually.

Future minimum lease payments under operating leases as of June 30, 2019 are as follows:

<u>Period Ending June 30</u>	<u>Amount</u>
2020	\$ 316,650
2021	306,983
2022	316,032
2023	331,833
2024	348,425
Thereafter	1,153,330

Rent expense for all operating leases during the years ended June 30, 2019 and 2018 was \$611,758 and \$579,967, respectively.

During the year ended June 30, 2018, Lycée entered into a sub-lease agreement related to the Carrollton Premises. The term of the sub-lease was from June 1, 2018 through June 30, 2019 at a rent of \$13,750 per month. The sub-lease did not include renewal options.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Functional Allocation of Expenses

As described in Note 1, expenses have been reported in the consolidated statements of activities by functional classification. Natural expenses by functional classification for the years ended June 30, 2019 and 2018 are as follows:

	2019			Total
	Program	Support		
		Management & General	Fundraising	
Salaries	\$4,830,468	1,541,180	90,290	\$ 6,461,938
Employee benefits	1,020,451	267,762	18,058	1,306,271
Materials and supplies	606,461	125,033	35,366	766,860
Miscellaneous	87,990	651,354	-	739,344
Occupancy	955,311	304,796	17,856	1,277,963
Professional and technical services	144,602	250,707	-	395,309
Total expenses	\$7,645,283	3,140,832	161,570	\$10,947,685

	2018			Total
	Program	Support		
		Management & General	Fundraising	
Salaries	\$4,276,412	\$ 1,311,537	\$ 107,613	\$ 5,695,562
Employee benefits	1,019,836	235,549	21,523	1,276,908
Materials and supplies	598,240	153,827	24,099	776,166
Miscellaneous	73,006	470,030	-	543,036
Occupancy	931,029	285,538	23,429	1,239,996
Professional and technical services	174,252	287,321	-	461,573
Total expenses	\$7,072,775	\$ 2,743,802	\$ 176,664	\$ 9,993,241

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

9. Defined Contribution Retirement Plan

Lycée has a 401(k) plan that was adopted on July 20, 2011. Employees 21 years of age and older are eligible to participate in the plan the first day of each month following their hire date. Under the terms of the plan, Lycée matched 100% of the employee's contributions up to 5% of total salary. For the years ended June 30, 2019 and 2018, Lycée made \$223,124 and \$213,786, respectively, in employer matching contributions to the plan.

10. Credit Risk Concentration

Lycée deposits its cash with financial institutions in the greater New Orleans area. As of June 30, 2019 and 2018, all cash accounts at each financial institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation. From time to time the amounts on deposit may exceed the federally insured limits. Lycée has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

11. Contingencies-Grant Programs

Lycée participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Lycée has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2019 and 2018 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying consolidated financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and Lycée.

12. Economic Dependency

Lycée receives the majority of its revenue from the State of Louisiana Minimum Foundation Program Funding (MFP) and from various federal grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds Lycée receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds Lycée will receive relating to its grant awards.

13. Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, December 20, 2019, and determined that no events occurred that require disclosure. No events after this date have been evaluated for inclusion in the consolidated financial statements.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

	2019			
	Lycée Français de la Nouvelle-Orléans	Amis du Lycée Français	Eliminations	Total
<u>CURRENT ASSETS</u>				
Cash	\$ 3,344,130	\$ -	\$ -	\$ 3,344,130
Accounts receivable	35,431	-	-	35,431
Grants receivable - due from government agencies	170,663	-	-	170,663
Prepaid expenses	228,790	-	-	228,790
Due to/from	(236,375)	236,375	-	-
	3,542,639	236,375	-	3,779,014
Property, plant, and equipment, net	1,828,511	-	-	1,828,511
Cash restricted for long term purposes	236,375	22,091	-	258,466
Promises to give for long term purposes	-	331,607	-	331,607
	\$ 5,607,525	\$ 590,073	\$ -	\$ 6,197,598

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 681,965	\$ -	\$ -	\$ 681,965
Deferred revenue	112,834	-	-	112,834
	794,799	-	-	794,799
Total current liabilities	794,799	-	-	794,799
Total liabilities	794,799	-	-	794,799

NET ASSETS

Without donor restrictions	4,751,726	2,663	-	4,754,389
With donor restrictions	61,000	587,410	-	648,410
	4,812,726	590,073	-	5,402,799
Total net assets	4,812,726	590,073	-	5,402,799
Total liabilities and net assets	\$ 5,607,525	\$ 590,073	\$ -	\$ 6,197,598

See accompanying independent auditors' report.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	2019						
	Lycée Français de la Nouvelle-Orléans			Amis du Lycée Français			
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and support:							
Federal grants	\$ 549,378	\$ -	\$ 549,378	\$ -	\$ -	\$ -	\$ 549,378
State grants	9,818,087	-	9,818,087	-	-	-	9,818,087
Tuition and activity income	513,732	-	513,732	-	-	-	513,732
Contributions	163,501	61,000	224,501	-	575,407	575,407	799,908
Food service	129,449	-	129,449	-	-	-	129,449
Other income	44,117	-	44,117	1,734	-	1,734	45,851
Total revenues and other support	11,218,264	61,000	11,279,264	1,734	575,407	577,141	11,856,405
Expenses:							
Program services:							
Elementary and kindergarten	4,069,286	-	4,069,286	-	-	-	4,069,286
Prekindergarten	374,931	-	374,931	-	-	-	374,931
Special education	1,289,424	-	1,289,424	-	-	-	1,289,424
Operations and maintenance	955,311	-	955,311	571	-	571	955,882
Extracurricular activities	174,221	-	174,221	-	-	-	174,221
Aftercare	159,755	-	159,755	-	-	-	159,755
Student services	534,365	-	534,365	-	-	-	534,365
Other program services	87,419	-	87,419	-	-	-	87,419
Total program services	7,644,712	-	7,644,712	571	-	571	7,645,283
Support services:							
Business services and payroll	1,917,290	-	1,917,290	-	-	-	1,917,290
Management and general	483,051	-	483,051	-	-	-	483,051
Professional and technical services	250,707	-	250,707	-	-	-	250,707
Other support services	651,354	-	651,354	-	-	-	651,354
Total support services	3,302,402	-	3,302,402	-	-	-	3,302,402
Total expenses	10,947,114	-	10,947,114	571	-	571	10,947,685
Change in net assets	271,150	61,000	332,150	1,163	575,407	576,570	908,720
NET ASSETS AT BEGINNING OF YEAR	4,480,576	-	4,480,576	1,500	12,003	13,503	4,494,079
NET ASSETS AT END OF THE YEAR	\$ 4,751,726	\$ 61,000	\$ 4,812,726	\$ 2,663	\$ 587,410	\$ 590,073	\$ 5,402,799

See accompanying independent auditors' report.

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019

Agency Head Name: Marina Schoen, CEO

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 125,000
Benefits - insurance	3,995
Benefits - retirement	9,903
Benefits - life insurance /disability	552
Reimbursements	400
Travel	1,135
	<u>\$ 140,985</u>

See accompanying independent auditors' report.

**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 for
Lycée Français de la Nouvelle-Orléans
New Orleans, 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 consolidated financial statements of Lycée Français de la Nouvelle-Orléans (“Lycée”) which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Lycée’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lycée’s internal control. Accordingly, we do not express an opinion on the effectiveness of Lycée’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 Lycée’s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lycée’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lycée’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Postlethwaite & Netterville

New Orleans, Louisiana
December 20, 2019

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS

NEW ORLEANS, LOUISIANA

PERFORMANCE AND STATISTICAL DATA

FOR THE YEAR ENDED JUNE 30, 2019



A Professional Accounting Corporation

www.pncpa.com

LYCÉE FRANÇAIS DE LA NOUVELLE-ORLÉANS
NEW ORLEANS, LOUISIANA

PERFORMANCE AND STATISTICAL DATA SCHEDULES

FOR THE YEAR ENDED JUNE 30, 2019

Independent Accountants' Report
On Applying Agreed-Upon Procedures

To the Board of Directors
Lycée Français de la Nouvelle-Orléans
New Orleans, Louisiana:

We have performed the procedures enumerated below, which were agreed to by the management of Lycée Français de la Nouvelle-Orléans (“Lycée”), the Louisiana Department of Education, the Louisiana Legislature Auditor (the specified parties), on the performance and statistical data accompanying the financial statements of Lycée for the fiscal year ended June 30, 2019; 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 Lycée 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 findings are as follows:

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

1. We selected a sample of 25 transactions and inspected 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 Schedule 1:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue (no revenue reported),
 - Total Local Earnings on Investment in Real Property (no revenue reported),
 - Total State Revenue in Lieu of Taxes (no revenue reported),
 - Nonpublic Textbook Revenue (no revenue reported), and
 - Nonpublic Transportation Revenue (no revenue reported).

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 and determined if the class was properly classified on Schedule 2.

We noted no exceptions.

Education Levels/Experience of Public School Staff

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.

We noted eight exceptions where an individual's education level or years of experience was not classified correctly on the PEP data when compared to the individual's personnel file.

Public School Staff Data: Average Salaries

4. We obtained June 30, 2019 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.

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 Lycée, 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.

Postlethwaite & Netterville

New Orleans, Louisiana
December 20, 2019

Schedule 1: Lycée Français de la Nouvelle-Orléans
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2019

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 3,919,209	
Other Instructional Staff Activities	682,424	
Employee Benefits	1,016,566	
Purchased Professional and Technical Services	191,306	
Instructional Materials and Supplies	182,001	
Instructional Equipment	25,274	
Total Teacher and Student Interaction Activities		6,016,780

Other Instructional Activities		24,376.00
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6,041,156

Pupil Support Activities	550,354	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		550,354

Instructional Staff Services	10,714	
Less: Equipment for instructional staff services	-	
Net Instructional Staff Services		10,714

School Administration	909,846	
Less: Equipment for School Administration	-	
Net School Administration		909,846

Total General Fund Instructional Expenditures		\$ 7,512,070
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Total General Fund Equipment Expenditures		\$ 25,274
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Certain Local Revenue Sources

Not Applicable

Prepared by Lycée Français de la Nouvelle Orleans

**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	21%	9	79%	33	0%	-	0%	-
Elementary Activity Classes	0%	-	0%	-	0%	-	0%	-
Middle/Junior High	0%	-	0%	-	0%	-	0%	-
Middle/Junior High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	0%	-	0%	-	0%	-	0%	-
High Activity Classes	0%	-	0%	-	0%	-	0%	-
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

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.

Prepared by Lycée Français de la Nouvelle Orleans



Independent Accountant's Report
On Applying Agreed-Upon Procedures
For the Year Ended 2019

To Board of Directors of
Lycée Français de la Nouvelle-Orléans
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the the Lycée Français de la Nouvelle-Orléans (Lycée) (Entity) and the Louisiana Legislative Auditor (LLA) (specified users) 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. Lycée'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 performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read "no exception noted". If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, "procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity" is indicated.

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization..

- d) **Receipts**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization..

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the Organization.

- 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.

We performed the procedures above and noted the following exceptions:

- *No written policy regarding (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; (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.*

Board or Finance Committee

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

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

The Board did not meet with a quorum at least 10 times in the fiscal year for regular meetings in accordance with the board's bylaws.

- 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. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exception noted.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned 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 unassigned fund balance in the general fund.

No exception noted.

Bank Reconciliations

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

A listing of bank accounts was provided and included a total of 1 bank account which management identified as the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected and obtained the bank reconciliation for the month ending May 31, 2019 and subjected to the below procedures.

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

No exceptions noted.

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

No exceptions noted.

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

The bank reconciliation had reconciling items that have been outstanding for more than 12 months. There was no documentation evidencing that these reconciling items were researched for proper disposition.

Collections

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

A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the 1 deposit site and performed the following procedures.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5

collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

A listing of collection locations for the deposit site in procedure #4 was provided and included a total of 3 collection locations. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected one collection location for the deposit site. Review of Lycée's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

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

No exceptions noted.

- 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.

No exceptions noted.

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

No exceptions noted.

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

Lycée stated that all employees who have access to cash are bonded and/or covered under the Lycée's insurance policy.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We selected two deposit dates for the bank account selected in procedure #3. We obtained supporting documentation for each of the deposits and performed the procedures below.

- a) Observe that receipts are sequentially pre-numbered.

Lycée does not maintain sequentially pre-numbered receipts.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Lycée does not maintain sequentially pre-numbered receipts, system reports, or other related collection documentation. As such, we were unable to perform the procedure.

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

No exceptions noted.

- 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).

Lycée does not keep record of collection locations nor collection dates for collections.

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

No exceptions noted.

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. Randomly select 5 locations (or all locations if less than 5).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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 (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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

From the listing provided, we randomly selected 5 reimbursements and performed the procedures below.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- 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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

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.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Ethics

Item 20 was not included as not applicable to Lycée.

Debt Service

Items 21-22 were not included as not applicable to Lycée.

Other

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

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Corrective Action

Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

1k – Disaster recovery policy and procedures are not written. Management will work on drafting and adopting policies and procedures.

2a – The Board met 10 times in during the fiscal year; however, there was a quorum for nine of the ten meetings.

3c – The items were reviewed by the Director of Finance but have not yet been removed. The Director of Finance will work with the COO to remove all outstanding items.

7a-b – Lycée will train Business Office Managers to complete receipts for any cash collected from parents and maintain a copy for the business office. The bookkeeper will attach all paper receipts to deposit slip going forward to coincide with the cash collected.

7d –Lycée has purchased and set-up a safe deposit box at each campus to guarantee proper security around cash collected by teachers and staff.

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

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



New Orleans, Louisiana
December 20, 2019