

**GREATER GRACE CHARTER ACADEMY, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDING JUNE 30, 2017**

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# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Greater Grace Charter Academy, Inc.  
Vacherie, LA

### Report on the Financial Statements

We have audited the accompanying financial statements of Greater Grace Charter Academy, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Grace Charter Academy, Inc. as of June 30, 2017, and the results of its operations and cash flow for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

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

The Performance and Statistical Data and the Statewide Agreed Upon Procedures are not a required part of the basic financial statements but are supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, on our consideration of Greater Grace Charter Academy, Inc.'s internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, 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 the 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 Greater Grace Charter Academy, Inc.'s internal control over financial reporting compliance.

Daigrepont & Brian, APAC

Daigrepont & Brian, APAC  
Baton Rouge, LA

December 19, 2017

**GREATER GRACE CHARTER ACADEMY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

**ASSETS**

Current Assets

Cash	\$ 57,126
Accounts receivable, net	40,720
Other current assets	33,854
Total Current Assets	<u>131,700</u>

Property and Equipment

Equipment	144,342
Buildings and improvements	250,014
	<u>394,356</u>
Accumulated depreciation	(77,235)
Total Property and Equipment	<u>317,121</u>

Total Assets	<u>\$ 448,821</u>
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**LIABILITIES AND NET ASSETS**

Current Liabilities

Accounts payable	\$ 148,920
Accrued payroll	12,196
Accrued summer pay	27,564
Line of credit	120,000
Insurance note	17,022
Current portion of start-up loans	46,667
Total Current Liabilities	<u>372,369</u>

Long Term Liabilities

Total Long Term Liabilities	<u>47,779</u>
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Total Liabilities	<u>420,148</u>
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Net Assets

Unrestricted net assets	<u>28,673</u>
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Total Liabilities and Net Assets	<u>\$ 448,821</u>
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See accompanying notes and independent auditors' report.

**GREATER GRACE CHARTER ACADEMY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

REVENUES

Minimum Foundation Program	\$ 1,220,037
Federal grants	166,174
Food service reimbursement	39,725
Contribution income	4,703
Other income	<u>5,231</u>
Total Revenues	<u>1,435,870</u>

EXPENSES

Program services	1,046,836
Management and general	<u>240,357</u>
Total Expenses	1,287,193

CHANGE IN NET ASSETS

	148,677
Net assets - beginning of year	<u>(120,004)</u>
Net assets - end of year	<u><u>\$ 28,673</u></u>

See accompanying notes and independent auditors' report.

**GREATER GRACE CHARTER ACADEMY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDING JUNE 30, 2017**

	Program Services	Management & General	Total
Curriculum materials and software	\$ 132,585	\$ -	\$ 132,585
Depreciation	61,788	15,447	77,235
Employee benefits	20,737	3,135	23,872
Food service	58,545	-	58,545
Insurance	23,909	5,977	29,886
Travel	-	2,273	2,273
Miscellaneous	8,668	2,167	10,835
Payroll taxes	32,904	5,624	38,528
Professional development	3,959	-	3,959
Recruiting	2,690	-	2,690
Rent	47,868	11,967	59,835
Repairs and maintenance	16,062	4,015	20,077
Salaries	442,307	75,415	517,722
Supplies	2,218	739	2,957
Technical and professional services	54,641	108,609	163,250
Transportation	117,998	-	117,998
Utilities	19,957	4,989	24,946
	<u>\$ 1,046,836</u>	<u>\$ 240,357</u>	<u>\$ 1,287,193</u>

See accompanying notes and independent auditors' report.

**GREATER GRACE CHARTER ACADEMY, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 148,677
<u>Adjustments to reconcile net revenues over expenses</u> <u>to net cash provided by operating activities:</u>	
Depreciation	77,235
Increase in accounts receivable	(40,720)
Increase in prepaid expenses	(23,404)
Increase in accounts payable	137,030
Increase in accrued liabilities	34,252
Total adjustments	184,393
Net cash provided by operating activities	<u>333,070</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Property & equipment purchases	<u>(386,356)</u>
Net cash used by investing activities	<u>(386,356)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from start up loan	100,000
Repayments on start-up loans	(45,554)
Proceeds from insurance financing	33,233
Payments on insurance financing	(16,211)
Proceeds from line of credit borrowings	30,000
Net cash provided by financing activities	<u>101,468</u>

INCREASE IN CASH	48,182
CASH, BEGINNING OF YEAR	<u>8,944</u>
CASH, END OF YEAR	<u>\$ 57,126</u>

**Supplemental Disclosures**

Cash paid for interest	<u>\$ 6,668</u>
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See accompanying notes and independent auditors' report.

**GREATER GRACE CHARTER ACADEMY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**1. Summary of Significant Accounting Policies**

(a) Organization

Greater Grace Charter Academy, Inc. (the School) began operations in Vacherie, LA as a non-profit organization and on July 1, 2016 was granted full approval as a Type Two charter by the Louisiana Board of Elementary and Secondary Education (BESE). The School first opened for enrollment beginning in the 2016-2017 school year with approximately 81 students. The School operates under a charter in BESE that expires June 30, 2020 and may be renewed from successive periods. The School had first grade through eighth grade for the 2016-2017 school year.

(b) Basis of Accounting

The financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

(c) Revenues

The School receives the majority of its revenue from the Minimum Foundation Program (MFP) which passes through the school board. The amount of the MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes. The School also receives federal, state and private sector funding. Federal and state funds are passed through the Louisiana Department of Education or the St. James Parish School Board.

(d) Net Assets

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets*

Unrestricted net assets are for general use with no restrictions.

*Temporarily Restricted Net Assets*

Temporarily restricted net assets can be expended currently, but only for a specified purpose designated by the grantor. There are no temporarily restricted net assets as of June 30, 2017.

*Permanently Restricted Net Assets*

Net assets permanently restricted for future use by the grantor or the board of directors. There are no permanently restricted net assets as of June 30, 2017.

**GREATER GRACE CHARTER ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**1. Summary of Significant Accounting Policies (continued)**

(e) Cash

Cash consists of bank deposits held with financial institutions and cash on hand.

(f) Accounts and Grants Receivable

Management has determined that there were no balances recorded that were uncollectible as of June 30, 2017.

(g) Functional Expenses

The School allocates its expenses on a functional basis between its school program and management expenses. Expenses that can be identified with the school program are allocated directly according to their natural expense classification.

(h) Income Taxes

The School accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The School files information returns in the U.S. federal jurisdiction. The Schools first federal information return was for the 2016 tax year.

(i) Use of Estimates

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

(j) Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

**2. Concentrations**

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts held with a bank. Cash accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. As of June 30, 2017 there were no cash balances in excess of FDIC insured limits.

**GREATER GRACE CHARTER ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2. Concentrations (continued)**

The School receives the majority of its operating revenue from the State of Louisiana Department of Education in the form of Minimum Foundation Program funding. The School also receives grants from federal agencies, state agencies, and private foundations. The percentage of revenue and receivables from these sources in excess of 10% is as follows:

	Revenue	Receivables
Minimum Foundation Program	85%	N/A
Federal Grants	12%	24%
State Grants	N/A	76%

**4. Leases**

The School entered an agreement with New Hope International Family Worship Center to lease the facility in which it currently operates for a period of five years beginning July 1, 2016. The initial agreement required the School to pay \$6,250 per month for the first twelve months. This agreement was amended on October 1, 2016 and lowered the required payments to \$1,000 per month for the remainder of the year. In addition, the original lease payments were reduced from \$6,250 to \$4,200 for the first three months. Lease payments are expected to increase to \$9,167 per month for the 2017-2018 school year and increase by \$833 for every subsequent year through June 30, 2021.

Future minimum lease payments are as follows:

Fiscal Year 2018	\$ 110,004
Fiscal Year 2019	120,000
Fiscal Year 2020	129,996
Fiscal Year 2021	139,992
	<u>\$ 499,992</u>

In order to provide additional class space, the School entered into a lease agreement with Satellite Shelter to provide modular buildings on site. The initial agreement was for lease payments of \$3,400 per month in addition to a one-time, up front set up fee of \$16,425. After the original agreement expired, the School continued with the \$3,400 payments on a month to month basis.

**5. School Start Up Loan**

The School has loans payable for startup costs with both 4th Sector Solutions (4SS), whom provides charter school support services and the Louisiana State Board of Elementary and Secondary Education (BESE).

The total amount of 4SS startup costs loan was \$40,000 and began on August 1, 2016. This loan is payable in equal monthly installments of \$1,111 over 36 months. The total amount due on this loan at June 30, 2017 was \$27,779. This loan does not bear any interest.

**GREATER GRACE CHARTER ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**5. School Start Up Loan (continued)**

Projected amounts due on these loans for the next 25 months are as follows:

	Start Up Costs
Fiscal Year 2018	\$ 13,334
Fiscal Year 2019	13,334
Fiscal Year 2020	1,111
	<u>\$ 27,779</u>

The total amount received from the BESE loan was \$100,000 and began in fiscal year ending June 30, 2017. This loan is payable over three years in three equal payments. The payments are to be made through a reduction in the MFP distributions received at the end of each of the three fiscal years ending June 30, 2017, 2018 and 2019 respectively. The total amount due on this loan at June 30, 2017 was \$66,668. This loan does not bear any interest.

Projected amounts due on these loans for the next two years are as follows:

	Start Up Costs
Fiscal Year 2018	\$ 33,334
Fiscal Year 2019	33,334
	<u>\$ 66,668</u>

**6. Insurance Note Payable**

The School financed a portion of its insurance policy with Arthur J. Gallagher. The full cost of the policy was \$33,233 and the terms of the note was a \$9,043 down payment and financing \$24,190 over ten months at 4.24% APR.

**7. Property and Equipment**

Property and equipment is presented in the financial statements on the basis of cost less allowances for depreciation. The School capitalizes all expenditures of depreciable assets where cost exceeds \$1,000. Depreciation is computed using the straight-line method and is provided over the estimated useful lives of the assets, which is generally three to seven years.

All property and equipment purchased with Louisiana Department of Education funds are owned by the School. However, these assets would revert back to the Louisiana Department of Education should the charter not be renewed.

**8. Compensated Absences**

Employees earn vacation and sick pay based on various factors such as length of service and job title. Any unused vacation is paid out at the end of the year and does not carry over to the following year. Therefore, there are no compensated absences accrued at June 30, 2017.

**GREATER GRACE CHARTER ACADEMY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**9. Line of Credit**

The School has an available line of credit of \$140,000 with a bank. Interest on the line of credit is 1% over the Prime Rate, which as of June 30, 2017 was 4.25%. There was an outstanding balance due of \$120,000 as of June 30, 2017.

**10. Commitments and Contingencies**

The School receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the School's management that its compliance with the terms of the grants will not result in any disallowed costs.

As a Type 2 charter, the School is subject to a case currently pending with the 1st Circuit Court of Appeals appealing the recent ruling that Type 2 charters do not meet the definition of public schools. If the original ruling is upheld the School would no longer be entitled to receive Minimum Foundation Program revenue. Management expects a decision on this case to be reached in early 2018.

**11. Pending Litigation**

The School is involved in a federal desegregation case in regards to the racial demographics of the student body. The original enrollment for Greater Grace did not reflect the parish demographic ratio and, due to this, was in danger of violating federal desegregation law. The school appealed to a federal judge who allowed the school to open while a decision as to what demographic ratio the school must meet is decided upon. While a final decision has yet to be made, the board and management of the School expect a favorable outcome.

**GREATER GRACE CHARTER ACADEMY, INC.  
SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO THE SCHOOL LEADER  
FOR THE YEAR ENDED JUNE 30, 2017**

School Leader	C. Aubert
Salary	\$ 84,333
Benefits - insurance	638
Benefits - retirement	-
Reimbursement	537
	<u>\$ 85,508</u>

# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

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

Board of Directors  
Greater Grace Charter Academy, Inc.  
Vacherie, LA

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 Greater Grace Charter Academy, Inc. (a non-profit organization) which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, statements of functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 19, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Greater Grace Charter Academy, Inc.'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 Greater Grace Charter Academy, Inc.'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 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 the 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 Greater Grace Charter Academy, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigrepoint + Brian, APAC

Daigrepoint & Brian, APAC  
Baton Rouge, LA

December 19, 2017

**GREATER GRACE CHARTER ACADEMY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDING JUNE 30, 2017**

We have audited the financial statements of Greater Grace Charter Academy, Inc., as of June 30, 2017 for the year then ended, and have issued our report thereon dated December 19, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Summary of Auditors' Reports**

*Financial Statements*

Type of auditors' report issued:	Unmodified
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

**Findings - Financial Statement Audit**

There are no findings for the year ended June 30, 2017

**Questioned Costs**

There are no questioned costs for the year ended June 30, 2017

# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
Greater Grace Charter Academy, Inc.  
Vacherie, LA

We have performed the procedures enumerated below, which were agreed to by the management of Greater Grace Charter Academy, Inc. and the Legislative Auditor, State of Louisiana, on the performance and statistical data accompanying the annual financial statements of Greater Grace Charter Academy, Inc. for the fiscal year ended June 2017; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514.1. Management of Greater Grace Charter Academy, Inc. is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

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

#### Procedure #1

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

- Total General Fund 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
- Nonpublic Transportation Revenue

#### Results of Procedure #1

In performing the testing on the sample of expenditures/revenues we noted no transactions that were inappropriately classified or were recorded at an inappropriate amount.

### Education Levels of Public School Staff (Schedule 2)

#### Procedure #2

We reconciled the total number of full-time classroom teachers per the Schedule "Experience of Public Principals,

Assistant Principals, and Full-Time Classroom Teachers” (Schedule 4) to the combined total number of full-time classroom teachers per this Schedule and to the School’s supporting payroll records as of October 1<sup>st</sup>.

Results of Procedure #2

No differences were noted between the number of full-time classroom teachers per Schedule 4 and Schedule 2.

Procedure #3

We reconciled the total of principals and assistant principals per the Schedule “Experience of Public Principals Assistant Principals, and Full-Time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this Schedule.

Results of Procedure #3

No differences were noted between the number of principals and assistant principals per Schedule 4 and Schedule 2.

Procedure #4

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1<sup>st</sup> and as reported on the Schedule. We traced a sample of 14 teachers to the individual’s personnel file and determined if the individual’s education level was properly classified on the Schedule.

Results of Procedure #4

No differences were noted between the education levels per the listing and the individual’s personnel file.

Number and Type of Public Schools (Schedule 3)

Procedure #5

We obtained a list of schools by type as reported on the Schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies application.

Results of Procedure #5

We noted no discrepancies between the total number of schools as listed on the Title 1 grants to Local Educational agencies and the list supporting the schools represented on the Schedule.

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

Procedure #6

We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1<sup>st</sup> and as reported on the schedule and traced the same sample used in Procedure 4 to the individual’s personnel file and determined if the individual’s experience was properly classified on the Schedule.

Results of Procedure #6

No differences were noted between the education levels per the listing and the individual’s personnel file.

Public School Staff Data: Average Salaries (Schedule 5)

Procedure #7

We obtained a list of all full-time classroom teachers including their base salary, extra compensation, and ROTC or

rehired retiree status as well as full-time equivalent as reported on the Schedule and traced the teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the Schedule.

#### Results of Procedure #7

We noted consistency between the level of compensation that would be appropriate for the education and experience level per the district wide salary schedule and the amount actually paid per the list of all classroom teachers.

#### Procedure #8

We recalculated the average salaries and full-time equivalents reported on the Schedule.

#### Results of Procedure #8

No discrepancies existed between the average salaries reported on the Schedule and our calculations.

#### *Class Size Characteristics (Schedule 6)*

#### Procedure #9

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

#### Results of Procedure #9

No discrepancies were noted between the classes reported on the Schedule and those in the roll books.

#### *Louisiana Educational Assessment Program (LEAP) (Schedule 7)*

#### Procedure #10

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule of Greater Grace Charter Academy, Inc..

#### Results of Procedure #10

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule of Greater Grace Charter Academy, Inc..

#### *Graduation Exit Examination (GEE) (Schedule 8)*

#### Procedure #11

The Graduation Exit Examination (GEE) is no longer administered. This schedule is no longer applicable.

#### *iLeap Tests (Schedule 9)*

#### Procedure #12

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule of Greater Grace Charter Academy, Inc.

#### Results of Procedure #12

We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule of Greater Grace Charter Academy, Inc.

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.

This 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 Greater Grace Charter Academy, Inc., as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Daigrepoint + Brian, APAC*

Daigrepoint & Brian  
Baton Rouge, LA

December 19, 2017

GREATER GRACE CHARTER ACADEMY, INC.  
VACHERIE, LA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)  
As of and for the Year Ended June 30, 2017

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

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

Schedule 2 – Education Levels of Public School Staff

This schedule includes the certified and uncertified number and percentage of full time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's, Master's, Master's +30, Specialist in Education, and Ph. D or Ed. D. Degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 – Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 – Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 – Public School Staff Data: Average Salaries

This schedule includes average classroom teachers' salary using full time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 – Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 7 – Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 – Graduation Exit Examination (GEE)

This GEE is no longer administered.

Schedule 9 – iLeap Tests

This schedule represents student performance testing data and includes a summary score for grades, 3, 5, 6, 7, and 9 for each category tested. The summary score reported is the percentile rank showing the relative position or rank as compared to a large, representative sample of students in the same grade from the state. This schedule includes three years of data.

Greater Grace Charter Academy, Inc.  
Vacherie, LA

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources  
For the Year Ended June 30, 2017**

	Column A	Column B
<b><u>General Fund Instructional and Equipment Expenditures</u></b>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 171,552	
Other Instructional Staff Activities	51,743	
Instructional Staff Employee Benefits	21,763	
Purchased Professional and Technical Services	75,515	
Instructional Materials and Supplies	68,845	
Instructional Equipment	<u>83,614</u>	
Total Teacher and Student Interaction Activities		\$ 473,032
Other Instructional Activities		-
Pupil Support Activities	9,439	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		9,439
Instructional Staff Services	71,929	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		<u>71,929</u>
School Administration		
Less: Equipment for School Administration	265,666	
Net School Administration	<u>-</u>	<u>265,666</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 820,066</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 83,614</u>

See accompanying independent accountant's report on applying agreed-upon procedures

Greater Grace Charter Academy, Inc.  
Vacherie, LA

Education Levels of Public School Staff  
As of October 1, 2016

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree		0%		0%		0%		0%
Bachelor's Degree	6	86%	9	100%		0%	1	100%
Master's Degree	1	14%		0%		0%		0%
Master's Degree + 30		0%		0%		0%		0%
Specialist in Education		0%		0%		0%		0%
Ph. D. or Ed. D.		0%		0%		0%		0%
<b>Total</b>	<b>7</b>	<b>100%</b>	<b>9</b>	<b>100%</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>100%</b>

Greater Grace Charter Academy, Inc.  
Vacherie, LA

Number and Type of Public Schools  
For the Year Ended June 30, 2017

Type	Number
Elementary	1
Middle/Jr. High	0
Secondary	0
Combination	0
<b>Total</b>	<b>1</b>

Note: Schools opened or closed during the fiscal year are included in this schedule.

**Greater Grace Charter Academy, Inc.  
Vacherie, LA**

**Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers  
As of October 1, 2016**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals								0
Principals	1							1
Classroom Teachers	2	3	6		3		1	15
<b>Total</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>16</b>

Greater Grace Charter Academy, Inc.  
Vacherie, LA

Public School Staff Data: Average Salaries  
For the Year Ended June 30, 2017

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	42,143	42,143
Average Classroom Teachers' Salary Excluding Extra Compensation	42,143	42,143
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	14	14

**Note:** Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

**Greater Grace Charter Academy, Inc.  
Vacherie, LA**

**Class Size Characteristics  
As of October 1, 2016**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	43%	41	0%		0%			
Elementary Activity Classes	50%	7	0%		0%			
Middle/Jr. High	0%		0%		0%			
Middle/Jr. High Activity Classes	0%		0%		0%			
High								
High Activity Classes								
Combination								
Combination Activity Classes								

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

**Greater Grace Charter Academy, Inc.**  
Vacherie, LA

**Louisiana Educational Assessment Program (LEAP)**  
**For the Year Ended June 30, 2017**

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 4 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	0%	N/A	N/A
Mastery	7%	N/A	N/A	0%	N/A	N/A
Basic	14%	N/A	N/A	0%	N/A	N/A
Approaching Basic	36%	N/A	N/A	57%	N/A	N/A
Unsatisfactory	43%	N/A	N/A	43%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 4 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	N/A	N/A	N/A
Mastery	0%	N/A	N/A	N/A	N/A	N/A
Basic	8%	N/A	N/A	N/A	N/A	N/A
Approaching Basic	21%	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	71%	N/A	N/A	N/A	N/A	N/A
Total	100%	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 8 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 8 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

While Greater Grace Charter Academy, Inc. does offer classes for all grade levels from Kindergarten through 8th grade, they had no students enrolled for 8th grade classes in the school year ending 6/30/2017.

Greater Grace Charter Academy, Inc.  
Vacherie, LA

iLEAP Tests  
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 3 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	0%	N/A	N/A
Mastery	13%	N/A	N/A	13%	N/A	N/A
Basic	37%	N/A	N/A	0%	N/A	N/A
Approaching Basic	13%	N/A	N/A	37%	N/A	N/A
Unsatisfactory	37%	N/A	N/A	50%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 3 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 5 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	0%	N/A	N/A
Mastery	7%	N/A	N/A	0%	N/A	N/A
Basic	33%	N/A	N/A	7%	N/A	N/A
Approaching Basic	33%	N/A	N/A	33%	N/A	N/A
Unsatisfactory	27%	N/A	N/A	60%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 5 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	N/A	N/A	N/A
Mastery	0%	N/A	N/A	N/A	N/A	N/A
Basic	20%	N/A	N/A	N/A	N/A	N/A
Approaching Basic	27%	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	53%	N/A	N/A	N/A	N/A	N/A
Total	100%	N/A	N/A	N/A	N/A	N/A

Greater Grace Charter Academy, Inc.  
Vacherie, LA

iLEAP Tests (Continued)  
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 6 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	0%	N/A	N/A
Mastery	13%	N/A	N/A	0%	N/A	N/A
Basic	37%	N/A	N/A	0%	N/A	N/A
Approaching Basic	25%	N/A	N/A	37%	N/A	N/A
Unsatisfactory	25%	N/A	N/A	63%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 6 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	N/A	N/A	N/A	N/A	N/A	N/A
Mastery	N/A	N/A	N/A	N/A	N/A	N/A
Basic	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic	N/A	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	N/A	N/A	N/A	N/A	N/A	N/A
Total	N/A	N/A	N/A	N/A	N/A	N/A

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 7 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	10%	N/A	N/A	0%	N/A	N/A
Mastery	10%	N/A	N/A	10%	N/A	N/A
Basic	30%	N/A	N/A	50%	N/A	N/A
Approaching Basic	30%	N/A	N/A	30%	N/A	N/A
Unsatisfactory	20%	N/A	N/A	10%	N/A	N/A
Total	100%	N/A	N/A	100%	N/A	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 7 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	N/A	N/A	N/A	N/A	N/A
Mastery	10%	N/A	N/A	N/A	N/A	N/A
Basic	40%	N/A	N/A	N/A	N/A	N/A
Approaching Basic	20%	N/A	N/A	N/A	N/A	N/A
Unsatisfactory	30%	N/A	N/A	N/A	N/A	N/A
Total	100%	N/A	N/A	N/A	N/A	N/A

# DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING STATEWIDE AGREED-UPON PROCEDURES

Board of Directors  
Greater Grace Charter Academy, Inc.  
Vacherie, LA

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

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

The procedures and associated findings are as follows:

### Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures).
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
  - 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.
  - c) **Disbursements**, including processing, reviewing, and approving
  - d) **Receipts**, including receiving, recording, and preparing deposits
  - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and records, including leave and overtime worked.
  - 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
  - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
  - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

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

*Results:* No exceptions were noted as a result of applying these procedures.

### ***Board (or Finance Committee, if applicable)***

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- 2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.  
*Exception:* During our review of the board minutes, it was noted that the board did not have meetings with quorum in July through November, February, May and June of the fiscal year.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

*Results:* We noted that the minutes contained multiple mentions of budget and year to date financials reviews and comparison throughout the year.

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

*Results:* Greater Grace Charter Academy, Inc. is a non-profit organization therefore this procedure is not applicable.

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

*Results:* Throughout the fiscal year it was noted that the board minutes referenced or included a variety of non-budgetary financial information.

### ***Bank Reconciliations***

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- 3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

*Results:* No exceptions were noted as a result of applying these procedures.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

a) Bank reconciliations have been prepared;

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

### ***Collections***

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

*Results:* No exceptions were noted as a result of applying these procedures.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is

(1) bonded

*Results:* No exceptions were noted as a result of applying these procedures.

(2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party)

*Results:* Based on our review of the school policies on cash collection controls, we noted that the employee in charge of collections was the Office Manager. Upon review of the School's cash collection procedures, we noted that the duties of depositing cash, recording the transaction and reconciling the bank accounts are all segregated.

(3) not required to share the same cash register or drawer with another employee.

*Results:* The person responsible for collecting cash does not share a cash drawer with anyone else. No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

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

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

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

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

*Results:* No exceptions were noted as a result of applying these procedures.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system

screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

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

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

*Results:* No exceptions were noted as a result of applying these procedures.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

*Results:* No exceptions were noted as a result of applying these procedures.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

*Results:* Neither a signature stamp or machine is used by the organization.

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

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

*Greater Grace Charter Academy, Inc. had no active cards during the 2017 school year. These procedures are not applicable.*

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation 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.])
  - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).
    - a) For each transaction, report whether the transaction is supported by:
      - An original itemized receipt (i.e., identifies precisely what was purchased)
      - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
      - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
    - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
    - c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

### *Travel and Expense Reimbursement*

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

*Results:* No exceptions were noted as a result of applying these procedures.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

*Results:* Per policy, travel and expense reimbursements are paid based on GSA approved mileage rates and actual expenses incurred.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

*Results:* No exceptions were noted as a result of applying these procedures.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

*Results:* No exceptions were noted as a result of applying these procedures.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

*Results:* No exceptions were noted as a result of applying these procedures.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

*Results:* Based on policy, no other documents are required.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds,

credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*Results:* Greater Grace Charter Academy, Inc. is a non-profit and this procedure is not applicable.

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

*Results:* No exceptions were noted as a result of applying these procedures.

### *Contracts*

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20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

*Results:* No exceptions were noted as a result of applying these procedures.

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

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

*Results:* No exceptions were noted as a result of applying these procedures.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

*Results:* Greater Grace Charter Academy, Inc. incurred no contract expenses applicable to Louisiana Public Bid Law.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

*Results:* We noted that Greater Grace Charter Academy, Inc.'s policy calls for a solicitation of bids for general materials, supply and general service vendor work over \$1,000. The five contracts that were selected were for specialized services which do not require a solicitation of bids but do require board approval which we confirmed upon review of the executed agreements.

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

*Results:* Based on our review of the agreements selected, we noted that the lease agreement with New Hope Worship was amended shortly after the original agreement. The amendment lowered the monthly lease payment by \$2,400 per month. We noted that the original agreement was open to amendments.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

*Results:* No exceptions were noted as a result of applying these procedures.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

*Results:* No exceptions were noted as a result of applying these procedures.

### ***Payroll and Personnel***

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- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

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

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether 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.)

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Results:* No exceptions were noted as a result of applying these procedures.

#### *Ethics (excluding nonprofits)*

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26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

*Results:* Greater Grace Charter Academy, Inc. is a non-profit and this procedure is not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

*Results:* Greater Grace Charter Academy, Inc. is a non-profit and this procedure is not applicable.

#### *Debt Service (excluding nonprofits)*

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28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

*Results:* Greater Grace Charter Academy, Inc. is a non-profit and this procedure is not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

*Results:* Greater Grace Charter Academy, Inc. is a non-profit and this procedure is not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

*Results:* Greater Grace Charter Academy, Inc. is a non-profit and this procedure is not applicable.

*Other*

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31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

*Results:* No exceptions were noted as a result of applying these procedures.

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

*Exception:* Based on our review of the school's website and premises, this notice is not posted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

*Results:* No exceptions were noted as a result of applying these procedures.

*Management's Response:* We have reviewed this independent accountant's report on applying agreed-upon procedures and agrees with the exceptions noted. We will review our policies and procedures and update accordingly to include the best practices suggested by the Louisiana Legislative Auditor.

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 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.

*Daigrepoint + Brian, APAC*

Daigrepoint & Brian, APAC  
Baton Rouge, LA

December 19, 2017