

# COLLEGIATE ACADEMIES and AFFILIATE

## FINANCIAL REPORT

June 30, 2019 and 2018



**CRI** CARR  
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Collegiate Academies and Affiliate  
Table of Contents  
June 30, 2018

**REPORT**

Independent Auditors' Report	1
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**FINANCIAL STATEMENTS**

Consolidated Statements of Financial Position	4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9

**SUPPLEMENTARY INFORMATION**

REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS* AND  
THE *UNIFORM GUIDANCE*

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 <i>Government Auditing Standards</i>	18
Independent Auditors' Report on Compliance for The Major Program and on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	20
Schedule of Expenditures of Federal Awards	22
Notes to the Schedule of Expenditures of Federal Awards	23
Schedule of Findings and Questioned Costs	24
Summary Schedule of Prior Year Findings	26
Consolidating Statement of Financial Position	27
Consolidating Statement of Activities	28
Schedule of Compensation, Benefits and Other Payments Made to Agency Head	29



**Report**



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

(504) 833-2436  
(504) 484-0807 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Collegiate Academies  
New Orleans, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Collegiate Academies and Affiliate (the Organizations) (a nonprofit organization), which comprise the Consolidated Statements of Financial Position as of June 30, 2019 and 2018, and the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and 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 from 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 auditor considers internal control relevant to the 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 the entities 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 Collegiate Academies and Affiliate as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the consolidated financial statements, management has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of compensation, benefits, and other payments made to agency head 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. The schedule of expenditures of federal awards and the schedule of compensation, benefits, and other payments made to agency head have 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The consolidating statement of financial position and consolidating statement of activities, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2019, on our consideration of Collegiate Academies and Affiliate'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 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 Collegiate Academies and Affiliate's internal control over financial reporting and compliance.

*Carri Riggs & Ingram, L.L.C.*

December 26, 2019



# Financial Statements

**Collegiate Academies and Affiliate  
Consolidated Statements of Financial Position**

As of June 30, 2019 2018

<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 5,109,342	\$ 4,652,767
Grant and other receivables	802,367	826,179
Prepaid expenses and other current assets	138,317	197,652
Total current assets	<b>6,050,026</b>	5,676,598
<b>CAPITAL ASSETS</b>		
Property and equipment, net	7,522,484	43,665
<b>TOTAL ASSETS</b>	<b>\$13,572,510</b>	\$ 5,720,263
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	1,080,303	1,332,617
Deferred revenues	275,000	25,000
Total current liabilities	<b>1,355,303</b>	1,357,617
<b>NON-CURRENT LIABILITIES</b>		
Notes payable	6,410,813	-
Total non-current liabilities	<b>6,410,813</b>	-
<b>TOTAL LIABILITIES</b>	<b>7,766,116</b>	1,357,617
<b>NET ASSETS</b>		
Without donor restriction	4,756,394	4,237,799
With donor restriction	1,050,000	124,847
Total net assets	<b>5,806,394</b>	4,362,646
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$13,572,510</b>	\$ 5,720,263

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

## Collegiate Academies and Affiliate Consolidated Statements of Activities

For the Years Ended June 30,

2019

2018

### CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS

#### REVENUE

State public school funds	\$ 13,974,367	\$10,758,708
Local per pupil aid	13,941,435	10,495,019
Federal sources	5,988,345	4,451,782
Donations and contributions	386,871	380,479
Local sources	341,043	218,436
Dividends and interest	30,796	-
Total revenue	34,662,857	26,304,424

#### Net assets released from restrictions

2,471,986

1,903,404

#### Net revenues

37,134,843

28,207,828

#### EXPENSES

Program services - Instructional	16,592,070	12,371,436
Supporting services - Management and general	20,024,178	15,126,699
Total expenses	36,616,248	27,498,135

#### Increase in net assets without donor restrictions

518,595

709,693

### CHANGE IN NET ASSETS WITH DONOR RESTRICTION

Donations and contributions	3,397,139	2,024,476
Net assets released from restrictions	(2,471,986)	(1,903,404)

#### Increase in net assets with donor restriction

925,153

121,072

### CHANGE IN NET ASSETS

1,443,748

830,765

### NET ASSETS AT BEGINNING OF YEAR

4,362,646

3,531,881

### NET ASSETS AT END OF YEAR

\$ 5,806,394

\$ 4,362,646

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

**Collegiate Academies and Affiliate  
Consolidated Statement of Functional Expenses**

*For the Year Ended June 30,*

**2019**

	<b>Instructional</b>	<b>Management and General</b>	<b>Total</b>
Salaries and benefits	\$ 11,634,352	\$ 11,598,337	\$ 23,232,689
Bus service	-	3,471,025	3,471,025
Supplies	1,577,021	659,699	2,236,720
Professional services	967,715	1,432,548	2,400,263
Food service	1,261,214	-	1,261,214
Purchased property services	5,118	1,557,782	1,562,900
Travel	70,285	293,974	364,259
Dues and fees	152,112	562,787	714,899
Insurance	296,776	98,925	395,701
Utilities	290,248	96,750	386,998
Printing and binding	42,207	121,883	164,090
Telephone and postage	108,898	36,380	145,278
Property lease expense	159,645	53,215	212,858
Recruiting	-	38,577	38,577
Textbooks	20,748	386	21,134
Depreciation	5,732	1,911	7,643
<b>Total expenses</b>	<b>\$ 16,592,070</b>	<b>\$ 20,024,178</b>	<b>\$ 36,616,248</b>

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

**Collegiate Academies and Affiliate  
Consolidated Statement of Functional Expenses**

*For the Year Ended June 30,*

2018

	<b>Instructional</b>	<b>Management and General</b>	<b>Total</b>
Salaries and benefits	\$ 8,435,108	\$ 9,171,606	\$ 17,606,714
Bus service	-	2,333,842	2,333,842
Supplies	1,139,331	431,680	1,571,011
Professional services	712,518	989,499	1,702,017
Food service	1,154,825	-	1,154,825
Purchased property services	-	1,103,038	1,103,038
Travel	42,949	242,100	285,049
Dues and fees	77,866	444,127	521,993
Insurance	208,228	69,409	277,637
Utilities	324,453	108,151	432,604
Printing and binding	22,782	80,128	102,910
Telephone and postage	129,384	33,415	162,799
Property lease expense	117,013	39,004	156,017
Recruiting	-	79,738	79,738
Textbooks	4,095	-	4,095
Depreciation	2,885	962	3,846
<b>Total expenses</b>	<b>\$ 12,371,436</b>	<b>\$ 15,126,699</b>	<b>\$ 27,498,135</b>

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

## Collegiate Academies and Affiliate Consolidated Statements of Cash Flows

<i>For the Years Ended June 30,</i>	<b>2019</b>	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,443,748	\$ 830,765
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,643	3,846
Changes in operating assets and liabilities		
in grant and other receivables	23,812	(170,627)
in prepaid expenses and other current assets	59,335	(98,050)
in accounts payable and accrued expenses	(252,314)	580,918
in deferred revenues	250,000	(300,500)
Net cash provided by operating activities	1,532,224	846,352
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(7,486,462)	-
Net cash used in investing activities	(7,486,462)	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of debt	6,410,813	-
Net cash provided by investing activities	6,410,813	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>456,575</b>	<b>846,352</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>4,652,767</b>	<b>3,806,415</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 5,109,342</b>	<b>\$ 4,652,767</b>

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

## Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Collegiate Academies (the School) was incorporated in May of 2010 as New Orleans Charter Science and Math Academy for the purpose of operating a transformation charter school in New Orleans. Effective July 1, 2010, the assets and liabilities of New Orleans Charter Science and Math Academy were transferred from another non-profit organization (Advocates for Science and Mathematics Education, Inc.). In February of 2011, the Board of New Orleans Charter Science and Math Academy approved a name change to Collegiate Academies. The School was created to develop college-bound students for leadership and lifelong learning. The State Board of Elementary and Secondary Education granted the School a Type 5 charter to operate Collegiate Academies. In August 2013, the School expanded by adding two (2) new high schools with ninth grade only, George Washington Carver Collegiate Academy and George Washington Carver Preparatory Academy. By the 2015-2016 school year, all three (3) high schools contained grades 9-12.

As of the 2016-2017 school year, George Washington Carver Collegiate Academy and George Washington Carver Preparatory Academy merged to become George Washington Carver Collegiate Academy. As well, Livingston Collegiate opened in the fall of 2016 with ninth grade only. Livingston Collegiate will add a grade each school year serving 9-12 grades by fall of 2019. In the 2017-2018 school year, Collegiate Baton Rouge opened in Baton Rouge, LA with ninth grade only. Collegiate Baton Rouge will add a grade each school year serving 9-12 grades by fall of 2020. In the 2018-2019 school year, Rosenwald Collegiate Academy opened in New Orleans with ninth grade only. Rosenwald will add a grade each school year serving 9-12 grades by fall of 2021. In the 2018-2019 school year, Opportunities Academy opened in New Orleans. Opportunities Academy is a full-day program for students with intellectual and developmental disabilities.

Friends of Collegiate (Friends), incorporated on July 1, 2018, is a non-profit organization organized and operated for the benefit of Collegiate Academies.

#### ***Basis of Accounting***

The consolidated financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

#### ***Consolidation***

The consolidated financial statements include accounts of Collegiate Academies and Friends of Collegiate, collectively referred to as the Organizations. All material intercompany account balances and transactions have been eliminated.

## Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Functional Expenses***

As required under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, the Organizations have presented consolidated statements of functional expense as part of their audited consolidated financial statements. The consolidated financial statements of the Organizations report certain categories of expenses that are attributable to more than one program or supporting function. The majority of expenses are allocated based on actual time and effort. However, insurance, repairs and maintenance, utilities, and depreciation require allocation based on the square footage of the buildings.

#### ***Income Tax Status***

The Organizations are tax exempt organizations under Internal Revenue Code Section 501(c)(3) and, as such, are not subject to income tax. Management believes that all tax positions would be sustained if audited. There were no penalties or interest on income taxes incurred in fiscal years 2019 or 2018. Management is not aware of any such examinations occurring as of the date of this report.

Accounting principles generally accepted in the United States of America require the School's management to evaluate tax positions taken by the School and recognize a tax liability if the School has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The School's management has analyzed the tax positions taken by the School, and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The School is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

#### ***Public Support and Revenue***

The School receives support primarily from the Louisiana State Department of Education through the Minimum Foundation Program (MFP) and other grants and the United States Department of Education.

Beginning in fiscal year 2016, the School became its' own School Food Authority which enabled them to submit food service costs for reimbursement through the U.S. Department of Agriculture, for multiple food program grants. The revenue recognized and expense incurred related to these grants was \$1,462,208 and \$1,430,983 for the years ended June 30, 2019 and 2018.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

## Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All contributions are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases those net asset classes. When a restriction expires, the net assets are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

#### ***Estimates***

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

#### ***Cash and Cash Equivalents***

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less. There were no cash equivalents as of June 30, 2019 or 2018.

#### ***Capital Assets – Property and Equipment***

Property and Equipment is capitalized at cost and updated for additions and retirements during the year. The net carrying amount is considered the net realizable value. Donated property and equipment is recorded at fair market value as of the date received. The Organizations maintain a capitalization threshold of \$5,000 for equipment. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. All capitalized property and equipment is depreciated using the straight-line method over five years.

#### ***Impairment of Long-Lived Assets***

The School reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition.

In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects and the effects of obsolescence, demand, competition and other economic factors.

The School did not recognize an impairment loss during the years ended June 30, 2019 and 2018.

## Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Compensated Absences***

All full time teachers and staff are provided up to 10 no-fault days per Collegiate Academies Employee Handbook. Unused no-fault balances, if any, are forfeited upon employee termination and at the conclusion of the fiscal year. Friends of Collegiate does not have employees.

#### ***Deferred Revenue***

The School is the recipient of grants that stipulate the School meet certain conditions, otherwise, in the event of not complying with the conditions, the School would be required to return the funds to the grantor. The grants also stipulate the School return any unused grant funds at the end of the grant period. In this case, the amount received is reported as deferred revenue until the conditions of the grant have been substantially met by the School.

#### ***Basis of Presentation***

The Organizations follow the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*, which establishes external financial reporting for not-for-profit organizations which includes two basic financial statements and classification of resources into two separate categories of net assets, as follows:

- Net Assets without donor restriction – Net assets not subject to donor-imposed restrictions. All revenues, expenses, gains and losses that are not changes in net assets with donor restriction.
- Net Assets with donor restriction – Net assets subject to donor-imposed restrictions that will be met by the actions of the Organizations or the passage of time or net assets subject to donor-imposed restrictions that are required to be maintained permanently by the Organizations. Generally, the donors of these assets stipulate that the income earned on related investments should be used for specific purposes.

#### ***New Accounting Pronouncement***

Effective July 1, 2018, the Organizations adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organizations have adjusted the presentation of the consolidated financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspect of the Organizations' consolidated financial statements:

- The temporarily restricted and permanently restricted net assets have been combined into a single net asset class called net assets with donor restriction.
- The unrestricted net asset class has been renamed net assets without donor restriction

## Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The consolidated financial statements include a new disclosure about liquidity and availability of resources (Note 10).
- The consolidated statements of functional expense are allocated by both nature and function (Note 1).

The changes have the following effect on net assets at July 1, 2018:

	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 4,237,799	\$ -
Temporarily restricted net assets	124,847	-
Net assets without donor restriction	-	4,237,799
Net assets with donor restriction	-	124,847

#### **Recent Financial Accounting Pronouncement**

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

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. The ASU is effective for fiscal year-ending June 30, 2021, but early adoption is permitted. The Organizations have not elected to early adopt this standard. Management is currently evaluating the impact of the guidance on its 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*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Organizations serve as a resource recipient for the fiscal

## Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

year ending June 30, 2022. Early adoption is permitted. The Organizations have not elected to early adopt this standard. The Organizations are currently evaluating the impact of the guidance on its consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 provides guidance on the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts general described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shows on the statement of cash flows. The ASU is effective for fiscal year-ending June 30, 2020, but early adoption is permitted. The Organizations have not elected to early adopt this standard. Management is currently evaluating the impact of the guidance on its financial statements.

### NOTE 2 - GRANT AND OTHER RECEIVABLES

As of June 30, grant and other receivables consisted of amounts due from the following:

<b>Grant receivables</b>	<b>2018</b>	<b>2018</b>
Louisiana Department of Education		
Title 1, Part A	\$ 163,528	\$ 93,369
High Cost Services	70,420	74,654
Title II	37,056	40,156
IDEA	50,344	35,913
Title III	28,763	34,120
CDF	10,000	-
HFSC	-	331,237
NOLA Business Alliance	35,560	78,489
US Dept. of Education	125,177	60,571
NSNO	260,564	12,033
LRS	12,273	7,618
LA Medicaid	8,682	-
Total	<b>802,367</b>	<b>768,160</b>
<b>Other receivables</b>		
Foundation Prep	-	56,117
COBRA	-	1,886
Soraya Verjee	-	16
Total	-	<b>58,019</b>
Total grant and other receivables	\$ <b>802,367</b>	\$ <b>826,179</b>

## Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

### NOTE 3 - CAPITAL ASSETS

Property and equipment is as follows as of June 30, 2019 and 2018:

	2019	2018
Land	\$ 360,000	\$ -
Construction in progress	7,126,463	-
Equipment	52,448	61,792
Total	7,538,911	62,792
Accumulated depreciation	(16,427)	(18,127)
Total property and equipment, net	\$ 7,522,484	\$ 43,665

Depreciation expense was \$7,643 and \$3,846 for the years ended June 30, 2019 and 2018, respectively.

### NOTE 4 - NET ASSETS WITH DONOR RESTRICTIONS

For the years ended June 30, 2019 and 2018, net assets with donor restrictions were comprised of grants with time and use restrictions. Net assets with donor restrictions were available for the following purposes at June 30:

	2019	2018
Construction of new campus in Baton Rouge	\$ 1,050,000	\$ -
IQI Award - curriculum and professional development	-	60,900
Opportunities Academy program	-	38,947
Pilot programs at Livingston Collegiate	-	25,000
Total	\$ 1,050,000	\$ 124,847

## Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

### NOTE 5 – NOTE PAYABLE

Friends entered into a mortgage payable with a financial institution on August 6, 2018 for the construction of a new school in Baton Rouge. The debt is separated into 3 loans each with a maturity date of September 1, 2023 and with interest rates of 5.6%, 4.85% and 4.85%. As of June 30, 2019 the debt has a balance of \$6,410,813.

Annual principal payments to maturity is as follows:

Fiscal Year	Principal
2020	\$ -
2021	105,503
2022	146,327
2023	162,988
2024	5,995,995
	\$ 6,410,813

### NOTE 6 - CONCENTRATION OF CREDIT RISK

The Organizations maintained cash deposits at a financial institution during the years ended June 30, 2019 and 2018. The Federal Deposit Insurance Corporation provides insurance coverage under defined limits. At various times during fiscal 2019 and 2018, the School had funds on deposit in excess of the federally insured limit. The financial institution had pledged securities on behalf of the School, which secured cash balances in excess of the federally insured limit, as of June 30, 2019 and 2018.

For the year ended June 30, 2019, the Organizations received seventeen percent (17%) of its total revenue from federal sources, forty-one percent (40%) of its total revenue from state public school funds, and forty percent (40%) of its total revenues from local public school funds. For the year ended June 30, 2018, the Organizations received sixteen percent (17%) of its total revenue from federal sources, forty-one percent (41%) of its total revenues from state public school funds, and thirty-nine percent (40%) of its total revenues from local public school funds. As of the years ended June 30, 2019 and 2018, the Organizations had 81% and 60%, respectively, of its receivables from Federal sources.

### NOTE 7 - RETIREMENT PLAN

Since 2011, the School has a sponsored a 403(b) plan. Covered employees may elect to contribute a portion of their salaries to the plan. The School may elect to make discretionary contributions during any plan year. The School elected to make discretionary contributions of \$352,998 and \$293,066 for the years ended June 30, 2019 and 2018, respectively.

## Collegiate Academies and Affiliate Notes to Consolidated Financial Statements

### **NOTE 8 - CONTINGENCIES**

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

### **NOTE 9 - LEASE AGREEMENT**

The School entered into rent-free lease agreements with the State of Louisiana Department of Education, Recovery School District (the "RSD") for the use of buildings and grounds as school facilities. The Organization is responsible for the payment of utilities, janitorial and sanitation, disposal services, and property taxes. There are no formal written lease agreements and it is considered an exchange transaction between the entities thus, no amounts have been recognized as donated facilities.

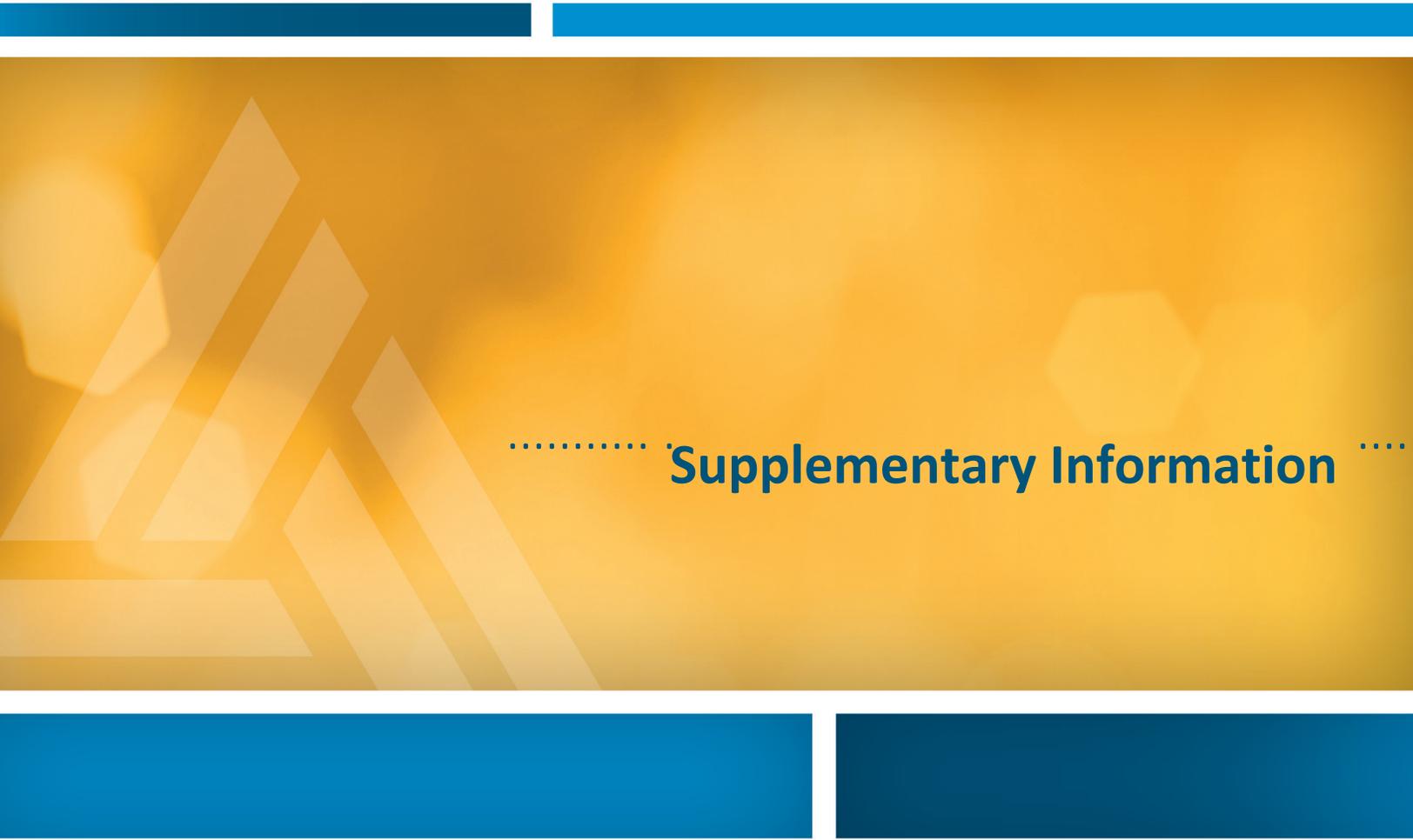
The agreements between the parties is intended to allow the RSD to move the School at any time as long as the RSD provides another facility deemed reasonable; taking into consideration such factors as building capacity, design alignment with grade levels served by the School, projected enrollment, program specific needs, and community needs.

### **NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

The School has \$5,911,709 of financial assets available within one year of the statement of financial position date consisting of cash in bank of \$5,109,342 and grants receivables of \$802,367. The School has a goal to maintain financial assets, consisting of cash on hand, to meet 30 days of operating expenses. Management believes it has appropriate available financial resources as of June 30, 2019. As part of its liquidity management, the School maintains cash accounts at a local bank which pays interest on the balances maintained.

### **NOTE 11 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date the financial statements were available to be issued, December 26, 2019, and noted no items in need of disclosure.



..... **Supplementary Information** .....



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

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

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

Board of Directors  
Collegiate Academies and Affiliate  
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 financial statements of Collegiate Academies and Affiliate (nonprofit organization) (the Organization), which comprise the Consolidated Statement of Financial Position as of June 30, 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 26, 2019.

**Internal Control Over Financial Reporting**

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

*Car, Riggs & Ingram, L.L.C.*

December 26, 2019



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

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

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

Board of Directors  
Collegiate Academies and Affiliate  
New Orleans, Louisiana

**Report on Compliance for The Major Federal Program**

We have audited Collegiate Academies and Affiliate's (nonprofit organizations) (the Organizations) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2019. The Organizations' major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

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

## Opinion on The Major Federal Program

In our opinion, the Organizations complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2019.

## Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Carly Riggs & Ingram, L.L.C.*

December 26, 2019

## Collegiate Academies and Affiliate Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2019

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Program Number</u>	<u>Expenditures</u>	<u>Pass-Through Funds</u>
<u>U.S. Department of Education</u>				
Passed-through LA Dept of Education				
Title I - Grants to Local Educational Agencies	84.010	S010A100019	\$ 1,480,163	\$ -
Title I - College and Career Readiness Support	84.010	S010A140018	-	-
Title I - Priority School Support 1003a	84.010	S010A140018	-	-
Total Title I			1,480,163	-
Special Education Cluster				
IDEA - Part B - Special Education	84.027	H027A100033	494,274	-
IDEA - High Risk Pool	84.027	H027A130033	227,323	-
Total Special Education Cluster			721,597	-
Title II Improving Teacher Quality State Grants				
English Language Acquisition State Grants	84.367	S367A100017	146,495	-
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.365	S354A150018	36,370	-
Career and Technical Education	84.126	V048A150018A	99,408	-
School Improvement Grants, Recovery Act	84.048	V048A150018A	50,800	-
School Improvement Grants, Recovery Act	84.388	S377A120020	-	-
Total other			333,073	-
Total passed-through LA Dept of Education			2,534,833	-
Passed-through New Schools for New Orleans				
Teacher and School Leader Incentive Grants	84.374	S374A100034	579,650	-
Total passed-through New Schools for New Orleans			579,650	-
Passed-through ReNEW Schools				
Comprehensive Literacy Development	84.371	S371C1104512	-	-
Total passed-through New Schools for New Orleans			-	-
Charter School Program				
Charter School Program	84.282	U282M160021	1,250,525	-
Charter School Program 2.0	84.282	U282M190014	158,288	-
Total Charter School Program			1,408,813	-
Total U.S. Department of Education			\$ 4,523,296	\$ -
<u>U.S. Department of Agriculture</u>				
Passed-Through LA Dept of Education				
Child Nutrition Cluster				
School Breakfast Program				
Free and Reduced Price Meals	10.553	N/A	\$ 396,841	\$ -
National School Lunch Program				
Free and Reduced Price Meals	10.555	N/A	911,039	-
Total Child Nutrition Cluster			1,307,880	-
Child and Adult Care Food Program				
Child and Adult Care Food Program	10.558	N/A	154,328	-
Total U.S. Department of Agriculture			\$ 1,462,208	\$ -
<b>Total Federal Assistance</b>			<b>\$ 5,985,504</b>	<b>\$ -</b>

See independent auditors' report and accompanying notes to the Schedule of Expenditures of Federal Awards.

**Collegiate Academies and Affiliate  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019**

**NOTE 1 – BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Collegiate Academies and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The School has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance

**NOTE 2 – RECONCILIATION OF FEDERAL GRANT REVENUE TO EXPENDITURES OF FEDERAL AWARDS**

Expenditures of federal awards during the year ended June 30, 2019	\$ 5,985,504
Immaterial reconciling item	<u>2,841</u>
Total federal grants revenue	<u><u>\$ 5,988,504</u></u>

**NOTE 3 – ON-BEHALF PAYMENTS**

Collegiate Academies submitted \$203,906 in claims on behalf of FirstLine Charter School, ReNEW Charter School, and Crescent City Charter School for the Title III program and remitted those amount to the schools once received. These amount are not included in the schedule of federal expenditures as they were not federal expenditures of Collegiate Academies.

**NOTE 4 – LOANS**

Collegiate Academies did not expend federal awards related to loans or loan guarantees during the year.

**NOTE 5 – FEDERALLY FUNDED INSURANCE**

Collegiate Academies has no federally funded insurance.

**NOTE 6 – NONCASH ASSISTANCE**

Collegiate Academies did not receive any federal noncash assistance for the fiscal year ended June 30, 2018.

**Collegiate Academies and Affiliate  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements*

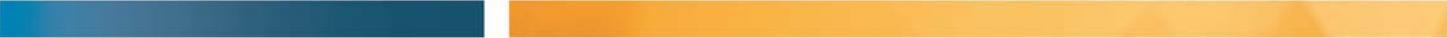
- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted?                     | None noted |

*Federal Awards*

- |   |            |
|---|------------|
| 1. Type of auditors’ report issued  | Unmodified |
| 2. Internal control over financial reporting:   |            |
| a. Material weaknesses identified?  | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses?                    | None noted |
| 3. Any audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a)? | None noted |
| 4. Identification of the major programs:  |            |

Name of Federal Award (or Cluster)	CFDA No.
Title I – Grants to Local Educational Agencies	84.010

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee?                                 | Yes       |



**Collegiate Academies and Affiliate  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

No findings noted.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings noted.

**SECTION IV – MANAGEMENT LETTER**

A management letter was not issued for the year ended June 30, 2019.



**Collegiate Academies and Affiliate  
Summary Schedule of Prior Year Findings  
For the Year Ended June 30, 2019**

**SECTION II – FINANCIAL STATEMENTS FINDINGS**

No findings noted.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings noted.

**SECTION IV – MANAGEMENT LETTER**

A management letter was not issued for the year ended June 30, 2018.

**Collegiate Academies and Affiliate  
Consolidating Statement of Financial Position**

<i>As of June 30, 2019</i>	<b>Collegiate Academies</b>	<b>Friends of Collegiate</b>	<b>Eliminations</b>	<b>Total</b>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 4,959,525	\$ 149,817	\$ -	\$ 5,109,342
Grant and other receivables	802,367	-	-	802,367
Prepaid expenses and other current assets	295,351	2,306	(159,340)	138,317
<b>Total current assets</b>	<b>6,057,243</b>	<b>152,123</b>	<b>(159,340)</b>	<b>6,050,026</b>
<b>CAPITAL ASSETS</b>				
Property and equipment, net	36,021	7,486,463	-	7,522,484
<b>TOTAL ASSETS</b>	<b>\$ 6,093,264</b>	<b>\$ 7,638,586</b>	<b>\$ (159,340)</b>	<b>\$ 13,572,510</b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,021,600	\$ 58,703	\$ -	\$ 1,080,303
Deferred revenues	275,000	159,340	(159,340)	275,000
<b>Total current liabilities</b>	<b>1,296,600</b>	<b>218,043</b>	<b>(159,340)</b>	<b>1,355,303</b>
<b>NON-CURRENT LIABILITIES</b>				
Notes payable	-	6,410,813	-	6,410,813
<b>Total non-current liabilities</b>	<b>-</b>	<b>6,410,813</b>	<b>-</b>	<b>6,410,813</b>
<b>TOTAL LIABILITIES</b>	<b>1,296,600</b>	<b>6,628,856</b>	<b>(159,340)</b>	<b>7,766,116</b>
<b>NET ASSETS</b>				
Without donor restriction	4,796,664	(40,270)	-	4,756,394
With donor restriction	-	1,050,000	-	1,050,000
<b>Total net assets</b>	<b>4,796,664</b>	<b>1,009,730</b>	<b>-</b>	<b>5,806,394</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,093,264</b>	<b>\$ 7,638,586</b>	<b>\$ (159,340)</b>	<b>\$ 13,572,510</b>

*See independent auditors' report.*

**Collegiate Academies and Affiliate  
Consolidating Statement of Activities**

<i>For the Year Ended June 30, 2019</i>	<b>Collegiate Academies</b>	<b>Friends of Collegiate</b>	<b>Eliminations</b>	<b>Total</b>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
<b>REVENUE</b>				
State public school funds	\$ 13,974,367	\$ -	\$ -	\$ 13,974,367
Local per pupil aid	13,941,435	-	-	13,941,435
Federal sources	5,988,345	-	-	5,988,345
Donations and contributions	386,671	200	-	386,871
Local sources	341,043	-	-	341,043
Investment dividends and interest	1,543	29,253	-	30,796
<b>Total revenue from public support and other support</b>	<b>34,633,404</b>	<b>29,453</b>	<b>-</b>	<b>34,662,857</b>
<b>Net assets released from restrictions</b>	<b>2,471,986</b>	<b>-</b>	<b>-</b>	<b>2,471,986</b>
<b>Net revenues</b>	<b>37,105,390</b>	<b>29,453</b>	<b>-</b>	<b>37,134,843</b>
<b>EXPENSES</b>				
Program services - Instructional	16,592,070	-	-	16,592,070
Supporting services - Management and general	19,954,455	69,723	-	20,024,178
<b>Total expenses</b>	<b>36,546,525</b>	<b>69,723</b>	<b>-</b>	<b>36,616,248</b>
<b>Increase in net assets without donor restrictions</b>	<b>558,865</b>	<b>(40,270)</b>	<b>-</b>	<b>518,595</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTION</b>				
Donations and contributions	2,347,139	1,050,000	-	3,397,139
Net assets released from restrictions	(2,471,986)	-	-	(2,471,986)
<b>Increase (decrease) in net assets with donor restriction</b>	<b>(124,847)</b>	<b>1,050,000</b>	<b>-</b>	<b>925,153</b>
<b>CHANGE IN NET ASSETS</b>	<b>434,018</b>	<b>1,009,730</b>	<b>-</b>	<b>1,443,748</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>4,362,646</b>	<b>-</b>	<b>-</b>	<b>4,362,646</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 4,796,664</b>	<b>\$ 1,009,730</b>	<b>\$ -</b>	<b>\$ 5,806,394</b>

*See independent auditors' report.*

**Collegiate Academies and Affiliates**  
**Schedule of Compensation, Benefits and Other Payments Made to Agency Head**  
**For the Year Ended June 30, 2019**

**Agency Head Name:** Ben Marcovitz, Chief Executive Officer

<b>PURPOSE</b>	<b>AMOUNT</b>
Salary	\$ 184,176
Benefits-health insurance	5,836
Benefits-retirement	5,535
Deferred compensation	-
Workers comp	142
Benefits-life insurance	444
Benefits-long term disability	-
Benefits-Fica and Medicare	11,494
Car allowance	-
Vehicle provided by government	-
Cell phone	1,930
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	4,724
Travel	-
Registration fees	795
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
<b>Total</b>	<b>\$ 215,076</b>

*See independent auditors' report.*

# Collegiate Academies

## BESE AGREED-UPON PROCEDURES REPORT

June 30, 2019



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CPAs and Advisors

[CRlcpa.com](http://CRlcpa.com)



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

(504) 833-2436  
(504) 484-0807 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

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

To the Board of Directors of  
Collegiate Academies and the  
Louisiana Legislative Auditor  
New Orleans, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Collegiate Academies ("the School") and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education ("BESE") Bulletin. The School is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified 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 results are as follows:

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

---

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

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

### ***Class Size Characteristics (Schedule 2 – Formerly Schedule 6)***

---

2. We will obtain a list of classes by school, school type, and class size as reported on the schedule. From there, we will trace a sample of 10 classes to the October 1<sup>st</sup> roll books for those classes and observe that the class was properly classified on the schedule.

**Results:** Exception noted; CRI notes that there were 90 ‘High’ type classes that exceeded the specified maximum class size of 33 students due to dual enrollment of many students.

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

---

3. We will obtain the October 1<sup>st</sup> 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 is complete. From there, we will select a sample of 25 individuals and trace to each individual’s personnel file, and observe that each individual’s education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

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

### ***Public School Staff Data: Average Salaries (NO SCHEDULE)***

---

4. We will obtain the June 30<sup>th</sup> PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtain management’s representation that the data/listing is complete. From there, we will select a sample of 25 individuals, trace to each individual’s personnel file, and observe that each individual’s salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

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

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 combined financial statements of Collegiate Academies, 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.

*Cam, Riggs & Ingram, L.L.C.*

December 26, 2019



**COLLEGIATE ACADEMIES**  
**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	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Elementary Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Middle/Jr. High	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Middle/Jr. High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High	37.7%	290	20.3%	156	30.3%	233	11.7%	90
High Activity Classes	41.6%	32	19.5%	15	31.2%	24	7.8%	6
Combination	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination Activity Classes	0.0%	-	0.0%	-	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.

# Collegiate Academies

## STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2019



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

[CRIcpa.com](http://CRIcpa.com)



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

(504) 833-2436  
(504) 484-0807 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

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

To the Board of Directors  
Collegiate Academies and the  
Louisiana Legislative Auditor  
New Orleans, Louisiana

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

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

The procedures and associated results are as follows:

### ***Written Policies and Procedures***

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

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

## **Collections**

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2. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (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).

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

3. 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 the collection location, and observe that job duties are properly segregated for the collection location such that:

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

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

- 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.

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

- 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.

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

- 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.

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

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

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

5. Obtain a listing of client bank accounts for the fiscal period from management and management's representation and 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 account (or all account if less than 5). Randomly select two deposit dates for each of the 5 bank accounts selected (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:

a) Observe that receipts are sequentially pre-numbered.

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

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

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

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

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

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;

**Results:** Exceptions noted; Two of two deposited selected were not deposited within one business day of receipt.

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

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

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.

*Cam, Riggs & Ingram, L.L.C.*

December 26, 2019

# COLLEGIATE ACADEMIES

December 26, 2019  
Louisiana Legislative Auditor

1600 North 3<sup>rd</sup> Street  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

And

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

RE: Management's Response to Statewide Agreed-Upon Procedures  
Collegiate Academies

Dear Sirs:

**Collections** - In response to exception 5d:

**Management's Response:** Collegiate Academies will make sure that the current collections policy is adhered to and all deposits are made within 1 business day of receipt. The Controller and Chief Operating Officer will work with the necessary department heads to ensure this policy is followed.

Sincerely,



Davis Zaunbrecher  
Chief Operating Officer