

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Financial Report

Years Ended June 30, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Glencoe Education Foundation, Inc.
Franklin, Louisiana

We have audited the accompanying financial statements of Glencoe Education Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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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 Glencoe Education Foundation, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on Glencoe Education Foundation, Inc.'s financial statements. The schedule of the governing board, the schedule of insurance in force, and the schedule of compensation, benefits, and other payments to agency head are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to agency head 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. Such 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 schedule of compensation, benefits, and other payments to agency head is fairly stated in all material respects in relation to the financial statements as a whole.

The schedule of the governing board and the schedule of insurance in force have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2018, on our consideration of Glencoe Education Foundation, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Glencoe Education Foundation, Inc.'s internal control over financial reporting and compliance.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana
November 13, 2018

FINANCIAL STATEMENTS

GLENCOE EDUCATION FOUNDATION, INC.

Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,969,710	\$ 1,613,304
Certificates of deposit	187,998	364,939
Due from other governmental units	101,885	48,561
Other receivables	10,091	500
Prepaid items	29,649	30,650
Total current assets	2,299,333	2,057,954
PROPERTY AND EQUIPMENT, NET	3,535,705	3,931,643
OTHER ASSETS		
Assets restricted to payment of long-term debt:		
Cash	2,272	99,924
Certificates of deposit	97,652	-
Total other assets	99,924	99,924
TOTAL ASSETS	\$ 5,934,962	\$ 6,089,521
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 47,553	\$ 16,727
Contract payable	-	380,850
Accrued salaries payable	277,440	256,352
Other accrued liabilities	190,985	16,632
Accrued compensated absences payable	47,082	49,253
Current portion of long-term debt	118,474	79,043
Total current liabilities	681,534	798,857
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	1,292,545	1,261,363
Total liabilities	1,974,079	2,060,220
NET ASSETS		
Unrestricted	3,960,883	4,029,301
TOTAL LIABILITIES AND NET ASSETS	\$ 5,934,962	\$ 6,089,521

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.

Statements of Activities
Years Ended June 30, 2018 and 2017

	2018	2017
	Unrestricted	Unrestricted
REVENUES, GAINS, AND OTHER SUPPORT		
State public school funding	\$ 3,245,923	\$ 3,236,507
Federal grants:		
Rural Education Achievement Program	2,846	42,868
IDEA - Part B	56,677	60,960
National School Lunch Program	242,017	224,251
Title I	160,968	145,463
Title II	18,752	16,510
Other	11,348	49,776
State grants:		
Pre-K	160,299	-
Other	3,968	1,231
Food services	18,371	25,337
Contributions	400	650
Tuition	25,920	-
Interest income	7,231	8,099
Miscellaneous	44,153	31,740
Gain on disposal of assets	2,000	500
Total revenues, gains, and other support	4,000,873	3,843,892
EXPENSES AND LOSSES		
Instruction:		
Regular programs	1,953,587	2,004,006
Special education	167,276	163,905
Special programs	197,599	47,918
Support services:		
Pupil support	100,895	101,291
Instructional staff	65,985	63,915
General administration	40,738	31,188
School administration	256,432	348,005
Business services	210,800	132,244
Plant services	290,381	271,793
Student transportation services	160,215	189,894
Non-instructional:		
Food services	347,195	336,943
Debt service:		
Interest and bank charges	53,871	53,492
Depreciation	222,426	191,527
Unrealized loss on investment	1,891	32
Total expenses and losses	4,069,291	3,936,153
Change in net assets	(68,418)	(92,261)
Net assets at beginning of year	4,029,301	4,121,562
Net assets at end of year	\$ 3,960,883	\$ 4,029,301

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.

Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (68,418)	\$ (92,261)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	222,426	191,527
Gain on disposal of assets	(2,000)	(500)
(Increase) decrease in-		
Certificates of deposit	79,289	239,989
Due from other governmental units	(53,324)	5,534
Other receivables	(9,591)	(500)
Prepaid expenses	1,001	(1,456)
Increase (decrease) in -		
Accounts payable	30,826	8,479
Accrued salaries payable	21,088	598
Other accrued liabilities	174,353	(182,423)
Accrued compensated absences	(2,171)	(5,701)
Net cash provided by operating activities	393,479	163,286
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(57,339)	(348,036)
Proceeds from the sale of property and equipment	2,000	500
Net cash used by investing activities	(55,339)	(347,536)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	-	230,000
Principal payments on long-term debt	(79,386)	(70,198)
Net cash provided (used) by financing activities	(79,386)	159,802
Net increase (decrease) in cash	258,754	(24,448)
Cash at beginning of year	1,713,228	1,737,676
Cash at end of year	\$ 1,971,982	\$ 1,713,228
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	\$ 53,871	\$ 53,492

	<u>2018</u>	<u>2017</u>
Reconciliation of cash per the statements of cash flows to the statements of financial position:		
Cash at beginning of year:		
Cash	\$ 1,613,304	\$ 1,707,058
Restricted cash	<u>99,924</u>	<u>30,618</u>
Total cash at beginning of year	1,713,228	1,737,676
Cash at end of year:		
Cash	\$ 1,969,710	\$ 1,613,304
Restricted cash	<u>2,272</u>	<u>99,924</u>
Total cash at end of year	<u>1,971,982</u>	<u>1,713,228</u>
Net increase (decrease) in cash	<u>\$ 258,754</u>	<u>\$ (24,448)</u>

The accompanying notes are an integral part of this statement.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Glencoe Education Foundation, Inc. (the Foundation) was founded in 1999 as a nonprofit organization incorporated under the laws of the State of Louisiana. The Foundation is dedicated to providing for and maintaining an optimum learning environment in which all enrolled children are afforded the opportunity to achieve, attain goals and excel as students and as individual citizens of the world. The focus of instruction is child-centered with curricula designed to meet the educational, social, physical, and emotional needs of each learner as a whole person. The Foundation operates Glencoe Charter School which is an approved Type 2 charter school under Louisiana Revised Statute 17:3991. The school's operations are located in Franklin, Louisiana. During its first year of operations (fiscal year ended June 30, 2000), the school had grades kindergarten through fifth. During the second year of operations, sixth grade was added. During the third year of operations, seventh grade was added, and during the fourth year of operations, eighth grade was added. During the fiscal year ended June 30, 2018, the school added a Pre-K program. Open student enrollment began in August 1999. The Foundation is governed by a board of directors and managed by a director. During the fiscal years ended June 30, 2018 and 2017, 97.55% and 98.29% of total revenues, respectively, were derived from federal and state sources.

Income Tax Exemption

The Foundation is an exempt organization for federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. Additionally, the Internal Revenue Service has determined that the Foundation does not qualify as a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements.

Basis of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting which follows the recommendations of the Financial Accounting Standards Board in its Statement of Accounting Standards Codification No. 958-205-20, Not-for-Profit Entities – Presentation of Financial Statements. Under FASB ASC 958-205-20, the organization 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 and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are for general use and not subject to donor-imposed stipulations or grantor-imposed restrictions.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations or grantor-imposed stipulations that may or will be met by actions of the Foundation and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Foundation did not have any temporarily restricted net assets at June 30, 2018 and 2017.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations or grantor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on any related investments for general or specific purposes. The Foundation did not have any permanently restricted net assets at June 30, 2018 and 2017.

Revenue Recognition

All support and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. Contributions and support whose donor restrictions are met in the same reporting period are reported as unrestricted support.

Functional Allocation of Expenses

The statement of activities presents expenses of the Foundation's operations functionally between instruction, support services and non-instructional. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services

The Foundation receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statements of activities because the criteria for recognition under FASB ASC 958-605-25 have not been satisfied.

Allowance for Doubtful Accounts

The Foundation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

All capital assets are capitalized that have a cost or estimated cost of \$5,000 or more. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Depreciation is computed using the straight-line method at rates based on the following estimated useful lives:

	<u>Years</u>
Transportation equipment	5
Furniture and equipment	5 - 20
Buildings and improvements	15 - 40

Expenses for additions, major renewals, and betterments are capitalized. Expenses for maintenance and repairs are charged to expense as incurred.

Compensated Absences

All twelve-month employees earn vacation leave each year based on years of experience. After one year, 10 days are earned; after four years, 11 days are earned; after five years, 13 days are earned; after ten years, 15 days are earned; after fifteen years, 17 days are earned; and after twenty years, 19 days are earned. A maximum of 10 days can be carried to the next year. Upon discharge or final retirement, all unused and/or accrued vacation leave is paid to the employee at the employee's current rate of pay.

Nine-month employees earn 10 days of sick leave each year. Ten-month employees earn 11 days of sick leave each year. Eleven-month employees earn 12 days of sick leave each year. Twelve-month employees earn sick leave based on the number of years of full-time employment with the Foundation. After one year, 12 days are earned; after four years, 15 days are earned; and after ten years, 18 days are earned. Sick leave may be accumulated. No sick leave is paid upon resignation. Upon retirement or death, unused accumulated sick leave of up to 25 days is paid to the employee or the employee's estate at the employee's current rate of pay.

Under the Teachers' Retirement System of Louisiana and the Louisiana School Employees' Retirement System, all unpaid sick leave, which excludes the 25 days paid, is used in the retirement benefit computation as earned service.

In accordance with the provisions of FASB ASC 710, *Compensation – General*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Foundation considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Foundation did not have any cash equivalents at June 30, 2018 and 2017.

Inventory

Inventory consists of commodities granted by the United States Department of Agriculture through the Louisiana Department of Agriculture. The commodities are recorded as revenues when received; however, all inventories are recorded as expenses when consumed. Values are assigned based on information provided by the United States Department of Agriculture.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense was \$1,891 and \$3,380 for the fiscal years ended June 30, 2018 and 2017, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The Foundation defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. Financial instruments included in the Foundation's financial statements include cash and cash equivalents, receivables, and other assets. Unless otherwise disclosed in the notes to the financial statements, the carrying value of financial instruments is considered to approximate fair value due to the short maturity and characteristics of those instruments.

Change in Accounting Principle

During the fiscal year ended June 30, 2018, the Foundation implemented ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, a recent FASB standard issued as part of the Board's simplification initiative. This change was made prospectively and had no effect on the change in net assets for 2018.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events were evaluated through November 13, 2018, which is the date the financial statements were available to be issued.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2018 and 2017:

	2018	2017
Assets not being depreciated:		
Land	\$ 27,845	\$ 27,845
Construction in progress	-	126,694
Total assets not being depreciated	27,845	154,539
Assets being depreciated:		
Building and improvements	4,718,794	4,789,740
Furniture and equipment	284,062	259,934
Transportation equipment	359,042	359,042
Total assets being depreciated	5,361,898	5,408,716
Less accumulated depreciation	(1,854,038)	(1,631,612)
Assets being depreciated, net	3,507,860	3,777,104
Total assets, net	\$3,535,705	\$3,931,643

Total depreciation expense for the fiscal years ended June 30, 2018 and 2017 was \$222,426 and \$191,527, respectively.

NOTE 3 DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consisted of the following at June 30, 2018 and 2017:

	2018	2017
Louisiana Department of Education	\$ 307	\$ 314
U.S. Department of Education:		
Passed through Louisiana Department of Education	101,578	48,247
	\$ 101,885	\$ 48,561

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 4 NATURAL CLASSIFICATION OF EXPENSES

Expenses incurred were for the following for the fiscal years ended June 30, 2018 and 2017:

	Instruction			Support Services		
	Regular Programs	Special Education	Special Programs	Pupil Support	Instructional Staff	General Administration
2018						
Salary	\$ 1,293,959	\$ 121,573	\$ 140,202	\$ 7,061	\$ 46,995	\$ -
Employee benefits	543,020	44,823	32,499	432	10,836	-
Purchased professional services	324	225	-	91,406	72	32,454
Insurance	-	585	-	1,751	-	6,562
Repairs and maintenance	770	-	-	-	-	-
Energy	-	-	-	-	-	-
Telephone/postage	-	-	-	-	-	-
Disposal services	-	-	-	-	-	-
Rental of land/equipment	-	-	-	-	-	-
Travel	10,336	-	-	-	-	802
Materials and supplies	86,302	70	24,898	91	7,371	-
Food	-	-	-	-	-	-
Miscellaneous	18,876	-	-	154	711	920
Interest	-	-	-	-	-	-
	<u>\$ 1,953,587</u>	<u>\$ 167,276</u>	<u>\$ 197,599</u>	<u>\$ 100,895</u>	<u>\$ 65,985</u>	<u>\$ 40,738</u>
2017						
Salary	\$ 1,299,008	\$ 119,743	\$ 41,826	\$ 8,765	\$ 49,237	\$ -
Employee benefits	498,691	43,503	5,843	508	9,140	-
Purchased professional services	300	80	-	90,006	-	23,367
Insurance	-	-	-	1,751	-	6,155
Repairs and maintenance	-	-	-	-	-	-
Energy	-	-	-	-	-	-
Telephone/postage	-	-	-	-	-	-
Disposal services	-	-	-	-	-	-
Rental of land/equipment	-	-	-	-	-	-
Travel	10,921	-	249	-	-	573
Materials and supplies	177,876	579	-	106	4,963	-
Food	-	-	-	-	-	-
Miscellaneous	17,210	-	-	155	575	1,093
Interest	-	-	-	-	-	-
	<u>\$ 2,004,006</u>	<u>\$ 163,905</u>	<u>\$ 47,918</u>	<u>\$ 101,291</u>	<u>\$ 63,915</u>	<u>\$ 31,188</u>

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

Support Services				Non-instructional	
School Administration	Business Services	Plant Services	Student Transportation Services	Food Services	Debt Service
\$ 161,777	\$ 143,103	\$ 46,008	\$ 88,708	\$ 122,602	\$ -
49,447	52,434	20,397	-	63,105	-
12,837	7,030	1,766	-	-	-
-	3,529	42,589	22,386	5,118	-
1,035	-	56,041	18,379	5,498	-
-	-	55,917	17,798	-	-
-	1,255	-	-	-	-
-	-	12,503	-	5,683	-
8,932	-	26,563	-	3,799	-
1,745	1,206	-	6,575	755	-
12,989	1,010	26,890	5,504	12,508	-
-	-	-	-	125,065	-
7,670	1,233	1,707	865	3,062	-
-	-	-	-	-	53,871
<u>\$ 256,432</u>	<u>\$ 210,800</u>	<u>\$ 290,381</u>	<u>\$ 160,215</u>	<u>\$ 347,195</u>	<u>\$ 53,871</u>
\$ 202,984	\$ 75,233	\$ 47,795	\$ 93,686	\$ 126,534	\$ -
77,120	28,713	21,975	-	65,790	-
18,525	11,380	1,625	-	-	-
-	12,152	35,638	20,027	5,052	-
-	-	40,215	25,675	4,506	-
-	-	51,601	15,252	-	-
7,799	950	-	-	-	-
-	-	15,756	-	-	-
9,776	-	28,575	28,800	3,769	-
3,533	308	-	3,304	396	-
21,387	2,795	26,613	2,858	15,443	-
-	-	-	-	112,585	-
6,881	713	2,000	292	2,868	-
-	-	-	-	-	53,492
<u>\$ 348,005</u>	<u>\$ 132,244</u>	<u>\$ 271,793</u>	<u>\$ 189,894</u>	<u>\$ 336,943</u>	<u>\$ 53,492</u>

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 5 LONG-TERM DEBT

Long-term debt consisted of the following at June 30, 2018 and 2017:

	2018	2017
Note payable in the original amount of \$1,600,000, payable in 466 monthly installments of \$7,264 beginning on May 23, 2010 and one final undetermined installment, bearing interest at 4.500%, collateralized by real estate and equipment	\$ 1,110,173	\$ 1,146,280
Non-interest bearing uncollateralized note payable in the original amount of \$100,000, payable in 2 annual installments of \$33,333 beginning on June 30, 2017 and one final installment of \$33,334	33,334	66,667
Note payable in the original amount of \$130,000, payable in 143 monthly installments of \$1,063 beginning on April 22, 2017 and one final undetermined installment, bearing interest at 2.750%, collateralized by real estate and equipment	117,512	127,459
Amount payable to a contractor for an agreed-upon settlement in the amount of \$150,000, payable in 4 annual installments of \$37,500 beginning in December 2018.	<u>150,000</u>	<u>-</u>
	1,411,019	1,340,406
Less current portion	<u>118,474</u>	<u>79,043</u>
Long-term portion	<u>\$ 1,292,545</u>	<u>\$ 1,261,363</u>

Maturities of long-term debt are as follows:

2019	118,474
2020	87,155
2021	89,257
2022	91,451

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 6 PENSION PLANS

Eligible employees of the Foundation participate in one of two cost-sharing, multiple-employer defined benefit pension plans, which are controlled and administered by a separate board of trustees. These retirement systems provide retirement, disability, and death benefits to plan members and their beneficiaries. Pertinent information relative to each plan follows.

Teachers' Retirement System of Louisiana – Regular

For the fiscal year ended June 30, 2018, plan members were required to contribute 8.0% of their annual covered salary to the system while the Foundation was required to contribute the statutory rate of 26.6% of total annual covered payroll. The Foundation was also required to contribute the statutory rate of 25.5% of total annual covered payroll for the fiscal year ended June 30, 2017.

The Foundation's contributions to the system for the fiscal years ended June 30, 2018 and 2017 were \$506,146 and \$459,612, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Louisiana School Employees' Retirement System

For the fiscal year ended June 30, 2018, plan members were required to contribute 7.5%, or 8.0% for members employed subsequent to July 1, 2010, of their annual covered salary to the system while the Foundation was required to contribute the statutory rate of 27.6% of total annual covered payroll. The Foundation was also required to contribute the statutory rate of 27.3% of total annual covered payroll for the fiscal year ended June 30, 2017.

The Foundation's contributions to the system for the fiscal years ended June 30, 2018 and 2017 were \$14,316 and \$16,106, respectively, equal to the required contribution for each year.

A publicly available financial report that includes financial statements and required supplemental financial information may be obtained by writing to the Louisiana School Employees' Retirement System, P.O. Box 44516, Baton Rouge, Louisiana 70804-4516, or by calling (225) 925-6484.

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GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 7 LEASE COMMITMENT

The Foundation entered into a non-cancelable operating lease for immovable property with Glencoe-Vacherie Plantation, LLC, which is a related party as a result of one of the Foundation's board members being a managing member in the entity. The lease calls for four quarterly payments of \$6,000 per year. The original lease expired on September 30, 2004. The lease contains an option to renew for four additional five year periods, with the first five year period having begun on October 1, 2004. The first option to renew was executed. The first lease option expired on September 30, 2009. The second option to renew was executed. The second lease option expired on September 30, 2014. The third option to renew was executed.

The lease expense for the fiscal years ended June 30, 2018 and 2017 totaled \$24,000 and \$24,000, respectively.

The following is a schedule of future minimum rental payments required under the above non-cancelable operating lease:

Year ending June 30,	
2019	\$ 24,000
2020	\$ 6,000

The Foundation also leases immovable and movable property under cancelable operating leases.

NOTE 8 CASH AND CERTIFICATES OF DEPOSIT

The Foundation may invest in United States bonds, notes, or bills as well as certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2018, the Foundation had cash and interest-bearing deposits (book balances) totaling \$2,257,633.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. At June 30, 2018, the Foundation had bank balances totaling \$2,273,059. Of the bank balance, \$518,298 was covered by federal depository insurance, \$1,418,227 was covered by collateral held by pledging bank's agent not in the Foundation's name, and \$336,534 was uninsured and uncollateralized.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 8 CASH AND CERTIFICATES OF DEPOSIT (CONTINUED)

Assets Restricted to Payment of Long-term Debt

Under the terms of two loans with the USDA, the Foundation is required to maintain cash balances in separate bank accounts, reserved for the repayment of long-term debt equal to the total principal and interest to be paid in one fiscal year. At June 30, 2018, the Foundation had bank balances in those reserve accounts totaling \$136,456, of which \$99,924 was restricted to payment of long-term debt.

NOTE 9 PENDING LITIGATION

The Foundation is presently a defendant in litigation involving the contractor of the K-3 building. The contractor is requesting full payment for the final invoices for services rendered; however, management is in disagreement as to the adequacy of the services performed and is defending its position vigorously that the amount requested by the contractor is not reflected in the actual work performed. In October 2018, a settlement agreement was reached between the parties with a final liability of \$150,000. This accrual is reflected in the statements of financial position as long-term debt. See Note 12 for disclosure of events that occurred subsequent to fiscal year end related to this litigation.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

The Foundation provides post-employment healthcare and life insurance benefits for substantially all employees if they reach normal retirement age while working for the Foundation. The Foundation's employees may participate in the State of Louisiana's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees, and their beneficiaries. The State administers the plan through the Office of Group Benefits (OGB). Louisiana Revised Statutes 42:801-883 assigns the authority to establish and amend benefit provisions of the plan. The OGB does not issue a publicly available financial report of the OPEB Plan; however, it is included in the State of Louisiana Comprehensive Annual Financial Report (CAFR). A copy of the CAFR may be obtained on the Office of Statewide Reporting and Accounting Policy's website at www.doa.louisiana.gov/osrap.

The Foundation's contributions to the plan for the fiscal years ended June 30, 2018 and 2017 were \$299,090 and \$275,288, respectively.

NOTE 11 RELATED PARTY TRANSACTIONS

The Foundation periodically contracted with the husband of the Foundation's CEO for grounds keeping and general maintenance of school property and small equipment rental. During the fiscal years ended June 30, 2018 and 2017, the Foundation made total payments to the CEO's husband of \$9,983 and \$9,514, respectively. Amounts payable to the CEO's husband as of June 30, 2018 and 2017 were \$0 and \$3,550, respectively.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Notes to the Financial Statements

NOTE 11 RELATED PARTY TRANSACTIONS (CONTINUED)

The Foundation periodically contracted with a company jointly owned by the former Director of Glencoe Charter School and her husband for bus repairs. During the fiscal years ended June 30, 2018 and 2017, the Foundation made total payments to the company of \$4,669 and \$9,203, respectively. There were no amounts payable to the company as of June 30, 2018 or 2017.

NOTE 12 SUBSEQUENT EVENT

On October 18, 2018, a settlement between the contractor of the K-3 building and Glencoe Education Foundation, Inc. was reached, wherein the Foundation's liability to the contractor would be adjusted down from \$380,850 to \$150,000 to be paid over four years. A motion for entry of consent judgment, with a proposed consent judgment, will be jointly filed memorializing this agreement.

SUPPLEMENTARY INFORMATION

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of the Governing Board (Unaudited)
Year Ended June 30, 2018

<u>Board Member</u>	<u>Term Expiration</u>
James Evans III <i>President</i>	June 30, 2018
Cecile Coleman <i>Vice President</i>	June 30, 2019
Steven Drexler <i>Member</i>	June 30, 2019
Cheryl Braud <i>Member</i>	June 30, 2018
Alison Provost <i>Parent Member</i>	June 30, 2020
Glenda Huddleston <i>Member</i>	June 30, 2020
April Boudreaux <i>Parent Member</i>	June 30, 2019

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of Insurance in Force (Unaudited)
Year Ended June 30, 2018

Type of Coverage	Limits of Coverage	Expires	Company
Workers' Compensation	\$1,000,000	5/10/2019	LUBA Workers Comp
Student Accident	Accident medical expense benefit - \$6,000,000 \$25,000 maximum per student	9/30/2018	Axis Insurance Company
Commercial Auto & General Liab (package)	Auto liability - \$1,000,000 Medical expense - \$5,000 General liability - \$1,000,000 each occurrence Damage to premises rented - \$100,000 any one premises Personal & advertising injury - \$1,000,000 any one entity General aggregate limit - \$3,000,000 Products/completed operations aggregate limit - \$3,000,000	8/18/2018	Arch Insurance Company
Property	Building (Classrooms) - \$3,200,000 Building \$155,000 Business Personal Property Building (Main Building) - \$1,203,847 Building \$110,000 Business Personal Property Building (Classrooms) - \$620,000 Building \$70,000 Business Personal Property Building (PE Building) - \$150,000 Building \$5,000 Business Personal Property Building (Lab Building) - \$44,000 Building \$7,000 Business Personal Property	8/18/2018	Arch Insurance Company
Flood	\$500,000 - Building	10/18/2018	Wright National Flood Insurance Company
Fidelity Bond	\$186,000 - Employee theft \$50,000 - Money orders and	until cancelled	Hartford Fire Insurance Company

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of Compensation, Benefits, and Other Payments to Agency Head
Year Ended June 30, 2018

Agency Head Name: Kimberly Roberts, Director (July 2017 - March 2018)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 81,215
Benefits - insurance	6,081
Benefits - retirement	21,603
Reimbursements	<u>303</u>
Total	<u>\$ 109,202</u>

Agency Head Name: Tara Pellerin, Interim Director (April 2018 - June 2018)

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 23,992
Benefits - insurance	2,777
Benefits - retirement	6,382
Reimbursements	<u>163</u>
Total	<u>\$ 33,314</u>

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**



**Darnall, Sikes
& Frederick.**

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Deceased 2009
J. Stephen Gardes, CPA, CVA*, Retired 2018

E. Larry Sikes, CPA/PFS, CVA*, CFP®
Danny P. Frederick, CPA
Clayton E. Darnall, CPA, CVA
Eugene H. Darnall, III, CPA
Stephanie M. Higginbotham, CPA
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INDEPENDENT AUDITOR'S 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*

Kevin S. Young, CPA
Christy S. Dew, CPA, MPA
Rachel W. Ashford, CPA
Veronica L. LeBleu, CPA, MBA
Christine Guidry Berwick, CPA, MBA
Brandon L. Porter, CPA
Brandon R. Dunphy, CPA
Robert C. Darnall, CPA, CVA, M.S.
Benjamin J. Baudoin, CPA

* (Emeritus)

To the Board of Directors of
Glencoe Education Foundation, Inc.
Franklin, 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 Glencoe Education Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Glencoe Education Foundation, 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 Glencoe Education Foundation, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Glencoe Education Foundation's internal control.

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

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Glencoe Education Foundation, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2018-001.

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 Louisiana Legislative Auditor as a public document; therefore its distribution is not limited.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

November 13, 2018

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Summary Schedule of Prior Year Findings
Year Ended June 30, 2018

Section I Internal Control and Compliance Material to the Financial Statements

2017-001 Noncompliance with the Louisiana Code of Governmental Ethics – Payments to Immediate Family Member

Condition: The Foundation periodically contracts with the husband of the Foundation's CEO for grounds keeping, general maintenance of school property, and small equipment rental. During the fiscal years ended June 30, 2017 and 2016, the Foundation made total payments to the CEO's husband of \$9,514 and \$18,138, respectively.

Recommendation: The Foundation should refrain from contracting with this related party.

Status: This finding is resolved. The Foundation ceased these transactions once notified of the non-compliance following the completion of the 2017 audit.

2017-002 Noncompliance with the Louisiana Code of Governmental Ethics – Payments Resulting in Personal Substantial Economic Interest

Condition: The Foundation periodically contracts with a company jointly owned by the Director of the school and her husband for bus repairs. During the fiscal years ended June 30, 2017 and 2016, the Foundation made total payments to the company of \$9,203 and \$10,880, respectively. An instance was also noted wherein the Director's travel reimbursement request was not approved by someone other than herself.

Recommendation: The Foundation should refrain from contracting with this related party. In addition, the Director's travel reimbursement requests should be approved monthly by the Board.

Status: This finding is resolved. The Foundation ceased these transactions once notified of the non-compliance following the completion of the 2017 audit.

2017-003 Noncompliance with the Louisiana Local Government Budget Act

Condition: The Foundation submitted its proposed budget for the fiscal year ended June 30, 2017 to the Louisiana Department of Education on August 4, 2016, which is past the deadline of July 31, 2016. In addition, the Foundation submitted the adopted budget for the fiscal year ended June 30, 2017 to the Louisiana Department of Education on November 30, 2016, which is past the deadline of September 30, 2016.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Summary Schedule of Prior Year Findings (Continued)
Year Ended June 30, 2018

Section I Internal Control and Compliance Material to the Financial Statements (Continued)

Recommendation: The Foundation should make every effort to submit the proposed budget and the adopted budget to the Louisiana Department of Education by the prescribed deadlines.

Status: This finding is resolved.

Section II Internal Control and Compliance Material to the Federal Awards

At June 30, 2017, Glencoe Education Foundation, Inc. did not meet the requirements to have a single audit in accordance with Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; therefore, this section is not applicable.

Section III Management Letter

A management letter was not issued for the year ended June 30, 2017.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of Findings and Responses
Year Ended June 30, 2018

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unmodified opinion has been issued on Glencoe Education Foundation, Inc.'s financial statements as of and for the years ended June 30, 2018 and 2017.

Deficiencies in Internal Control – Financial Reporting

There were no deficiencies in internal control over financial reporting noted during the audit.

Material Noncompliance – Financial Reporting

The results of our tests disclosed one instance of noncompliance which is required to be reported under *Government Auditing Standards* and is listed as item 2018-001 in Part 2.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2018.

MANAGEMENT LETTER

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

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards*

2018-001 Noncompliance with the Louisiana Local Government Budget Act

Criteria: In accordance with the Louisiana Local Government Budget Act (Louisiana Revised Statutes 39:1301 through 39:1315), the proposed budget shall be accompanied by a proposed budget adoption instrument and include a budget message signed by the budget preparer. In addition, a political subdivision shall certify completion of the adopted budget by publishing a notice of adoption in the official journal.

Condition: The adopted budget did not include a budget message and adoption instrument. In addition, a notice was not published in the official journal to certify completion of the adopted budget.

Cause: The Foundation's adopted budget did not include a budget message or resolution, and the notice of adoption was not published in the official journal.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule of Findings and Responses (Continued)
Year Ended June 30, 2018

Part 2: Findings Relating to an Audit in Accordance with *Government Auditing Standards* (Continued)

Effect: Possible violation of the Louisiana Local Government Budget Act.

Recommendation: Management should ensure all steps of the Louisiana Local Government Budget Act are completed.

Views of Responsible Officials and Planned Corrective Actions: This information is in the Foundation's separate Management's Corrective Action Plan for Current Year Findings and Management Comments.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2018, Glencoe Education Foundation, Inc. did not meet the requirements to have a single audit in accordance with *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; therefore, this section is not applicable.

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Management's Corrective Action Plan for Current Year Findings
Year Ended June 30, 2018

2018-001 Noncompliance with the Louisiana Local Government Budget Act

Management's Response and Planned Corrective Action: Management will ensure all steps of the Louisiana Local Government Budget Act are completed.



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* (Emeritus)

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
 Glencoe Education Foundation, Inc.
 Franklin, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Glencoe Education Foundation, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of Glencoe Education Foundation, Inc. for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education, in compliance with Louisiana Revised Statute 24:514.1. Management of Glencoe Education Foundation, Inc. is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

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The Foundation does not receive local taxation revenue, local earnings on investment in real property, state revenue in lieu of taxes, nonpublic textbook revenue, or nonpublic transportation revenue. With regard to the sample of transactions, no classification errors were noted.

Class Size Characteristics (Schedule 2)

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

No differences were noted for this procedure.

Education Levels/Experience of Public School Staff (No Schedule)

3. We obtained October 1 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Procedures indicated testing a random sample of 25 teachers. However, the Foundation only employed 29 teachers as of year end; therefore, we tested the entire population. No differences were noted for this procedure.

Public School Staff Data: Average Salaries (No Schedule)

4. We obtained June 30 PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Procedures indicated testing a random sample of 25 teachers. However, the Foundation only employed 29 teachers as of year end; therefore, we tested the entire population. During our testing, we noted eight exceptions when comparing salary, extra compensation, and full-time equivalents in the Profile of Educational Personnel (PEP) file to the related employee's personnel file. Of the eight exceptions noted, the salary reported in the PEP was at contract amount for four teachers, rather than actual compensation within the fiscal year, and the extra compensation for four teachers was erroneously input with different amounts than actual.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Glencoe Education Foundation, 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 Louisiana Legislative Auditor as a public document.

Darnall, Sikes & Frederick

(A Corporation of Certified Public Accountants)

Lafayette, Louisiana

November 13, 2018

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 1 – General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
Year Ended June 30, 2018

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 1,166,564	
Other Instructional Staff Activities	166,785	
Instructional Staff Employee Benefits	644,208	
Purchased Professional and Technical Services	324	
Instructional Materials and Supplies	93,131	
Instructional Equipment	<u>5,001</u>	
Total Teacher and Student Interaction Activities		\$ 2,076,013

Other Instructional Activities 12,878

Pupil Support Activities	81,279	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		81,279

Instructional Staff Services	65,985	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		65,985

School Administration	270,099	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>270,099</u>

Total General Fund Instructional Expenditures \$ 2,506,254

Total General Fund Equipment Expenditures \$ 16,683

Certain Local Revenue Sources

Local Taxation Revenue:

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

Local Earnings on Investments in Real Property:

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

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	-
Revenue Sharing - Other Tax	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u>-</u>
Total State Revenue in Lieu of Taxes	<u>\$ -</u>

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

See Independent Accountant's Report on Applying Agreed-upon Procedures

GLENCOE EDUCATION FOUNDATION, INC.
Franklin, Louisiana

Schedule 2 – Class Size Characteristics
As of October 1, 2017

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	72.7%	80	27.3%	30	0.0%	-	0.0%	-
Elementary Activity Classes	23.1%	3	38.4%	5	15.4%	2	23.1%	3
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	0.0%	-	0.0%	-	0.0%	-	0.0%	-
High Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Combination Activity Classes	0.0%	-	0.0%	-	0.0%	-	0.0%	-

See Independent Accountant’s Report on Applying Agreed-upon Procedures



**Darnall, Sikes
& Frederick**

(A Corporation of Certified Public Accountants)

Eugene H. Darnall, CPA, Deceased 2009

J. Stephen Gardes, CPA, CVA*, Retired 2018

E. Larry Sikes, CPA/PFS, CVA*, CFP®
 Danny P. Frederick, CPA
 Clayton E. Darnall, CPA, CVA
 Eugene H. Darnall, III, CPA
 Stephanie M. Higginbotham, CPA
 John P. Armato, CPA/PFS
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 Chris A. Miller, CPA, CVA
 Steven G. Moosa, CPA
 M. Rebecca Gardes, CPA
 Joan B. Moody, CPA
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 Erich G. Loewer, III, CPA, M.S. Tax
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 Pamela Mayeux Bonin, CPA, CVA
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 Kyle P. Saltzman, CPA, CFE
 Jacob C. Roberie, CPA

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

To the Board of Directors
 Glencoe Education Foundation, Inc.
 Franklin, Louisiana

Kevin S. Young, CPA
 Christy S. Dew, CPA, MPA
 Rachel W. Ashford, CPA
 Veronica L. LeBleu, CPA, MBA
 Christine Guidry Berwick, CPA, MBA
 Brandon L. Porter, CPA
 Brandon R. Dunphy, CPA
 Robert C. Darnall, CPA, CVA, M.S.
 Benjamin J. Baudoin, CPA

* (Emeritus)

We have performed the procedures enumerated below, which were agreed to by Glencoe Education Foundation, Inc. (a nonprofit organization) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

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

Written policies and procedures were obtained and address all of the functions noted above.

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.

Written policies and procedures were obtained and do not address the functions noted above.

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 Certified Public Accountants
 Society of Louisiana
 Certified Public Accountants

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- c) **Disbursements**, including processing, reviewing, and approving
Written policies and procedures were obtained and address the functions noted above.
- d) **Receipts**, including receiving, recording, and preparing deposits
Written policies and procedures were obtained and address the functions noted above.
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Written policies and procedures were obtained and address the functions noted above.
- 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
Written policies and procedures were obtained and do not address the functions noted above.
- 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
Written policies and procedures were obtained and do not address the functions noted above.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Written policies and procedures were obtained and address the functions noted above.
- 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.
Written policies and procedures were obtained and do not address the functions noted above.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
The entity is a nonprofit; therefore, not applicable.

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
Obtained and reviewed minutes of the managing board for the fiscal period noting that the board met monthly.
 - b) For those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
Obtained and reviewed minutes of the managing board for the fiscal period noting that the minutes did reference or include financial activity monthly.

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

The entity is a nonprofit; therefore, this is not applicable.

Bank Reconciliations

No exceptions were noted during the fiscal year ended June 30, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

Collections

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

Obtained listing of cash collection locations and management's representation that listing is complete.

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

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

Written documentation was obtained and address the functions noted above.

- 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.

Written documentation was obtained and address the functions noted above.

- 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.

Written documentation was obtained and address the functions noted above.

- 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.

Written documentation was obtained and address the functions noted above.

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

Employees that are responsible for collecting cash are bonded.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
No exception noted.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
No exception noted.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
No exception noted.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
No exception noted.
 - e) Trace the actual deposit per the bank statement to the general ledger.
No exception noted.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
Listing of disbursements and management's representation that the listing is complete was obtained.
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
Written policies and procedures were obtained and address the functions noted above.
 - b) At least two employees are involved in processing and approving payments to vendors.
Written policies and procedures were obtained and address the functions noted above.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
Written policies and procedures were obtained and address the functions noted above.

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

Written policies and procedures were obtained and address the functions noted above.

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

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

No exception noted.

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

Disbursement documentation did not include all evidence of segregation of duties for two out of five disbursements.

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

No exceptions were noted during the fiscal year ended June 30, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

Travel and Expense Reimbursement

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

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
Not applicable, no contracts initiated or renewed during fiscal period.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
Not applicable, no contracts initiated or renewed during fiscal period.
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
Not applicable, no contracts initiated or renewed during fiscal period.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.
Not applicable, no contracts initiated or renewed during fiscal period.

Payroll and Personnel

No exceptions were noted during the fiscal year ended June 30, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

Ethics

No exceptions were noted during the fiscal year ended June 30, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

Debt Service (excluding nonprofits)

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.
The entity is a nonprofit, therefore; this is not applicable.
22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.
The entity is a nonprofit, therefore; this is not applicable.

Other

No exceptions were noted during the fiscal year ended June 30, 2017 AUP engagement; therefore, this section was excluded from testing this fiscal year.

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.

Dannall, Sikes & Frederick

A Corporation of Certified Public Accountants

Lafayette, Louisiana

November 13, 2018

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Independent Account's Report on Applying Agreed-Upon Procedures Management Responses

Written Policies and Procedures

1. b) Management plans to review Glencoe Education Foundation, Inc.'s (the Foundation) financial policies and procedures in the 2018-2019 fiscal year. Purchasing, including how vendors are added to the vendor list will be reviewed for inclusion in the revised policies and procedures.
1. f) Management plans to review the Foundation's financial policies and procedures in the 2018-2019 fiscal year. Contracting, including legal review and monitoring process requirements will be reviewed for inclusion in the revised policies and procedures.
1. g) Management plans to review the Foundation's financial policies and procedures in the 2018-2019 fiscal year. Credit Cards, including allowable business uses and required approvers will be reviewed for inclusion in the revised policies and procedures.
1. i) Management plans to review the Foundation's financial policies and procedures in the 2018-2019 fiscal year. Ethics, including actions to be taken if an ethics violation takes place, system to monitor possible ethics violations, and requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy will be reviewed for inclusion in the revised policies and procedures.

Disbursements – General

10. Management plans to review to the Foundation's financial policies and procedures in the 2018-2019 fiscal year. The following disbursement policies and procedures will be reviewed and enforced for compliance:
 - b) Segregation of duties will be documentation with an initial of approval.

Loren M. Decuir

Anita S Breaux

