

**CELERITY SCHOOLS LOUISIANA**  
**INDEPENDENT AUDITOR'S REPORT**  
**JUNE 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Celerity Schools Louisiana  
New Orleans, Louisiana

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

We have audited the accompanying financial statements of Celerity Schools Louisiana (Organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the fiscal year 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in 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.

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



## **Opinions**

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

## **Other Matters**

### *Supplementary Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2017, on our consideration of Celerity Schools Louisiana'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 Celerity Schools Louisiana's internal control over financial reporting and compliance.

**SQUAR MILNER LLP**

San Diego, California  
November 14, 2017

**CELERITY SCHOOLS LOUISIANA**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

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<b><u>ASSETS</u></b>	
Cash	\$ 4,143,652
Cash - restricted	1,000
Grants receivable	2,276,775
Other receivables	97,798
Prepaid expenses	<u>226,587</u>
Total assets	\$ <u><u>6,745,812</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>	
Liabilities:	
Accounts payable	\$ 2,160,964
Student activity funds	<u>1,000</u>
Total liabilities	<u>2,161,964</u>
Net Assets:	
Unrestricted	<u>4,583,848</u>
Total net assets	<u>4,583,848</u>
Total liabilities and net assets	\$ <u><u>6,745,812</u></u>

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

**CELERITY SCHOOLS LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<b><u>REVENUES</u></b>			
Local sources:			
Minimum Foundation Program	\$ 5,973,936	\$ -	\$ 5,973,936
Local Other Funds	28,424	-	28,424
Indirect Cost Revenue	191,509	-	191,509
Other	15,440	-	15,440
Total local sources	<u>6,209,309</u>	<u>-</u>	<u>6,209,309</u>
State sources:			
Minimum Foundation Program	<u>7,286,555</u>	<u>-</u>	<u>7,286,555</u>
Total state sources	<u>7,286,555</u>	<u>-</u>	<u>7,286,555</u>
Federal grants	3,942,136	-	3,942,136
Other	14,537	-	14,537
Total revenues before transfers	<u>7,286,555</u>	<u>-</u>	<u>7,286,555</u>
Net assets released from restriction	<u>74,368</u>	<u>(74,368)</u>	<u>-</u>
Total revenues	<u>17,526,905</u>	<u>(74,368)</u>	<u>17,452,537</u>
<b><u>EXPENSES</u></b>			
Program Services:			
Instruction programs	7,098,097	-	7,098,097
Support Services:			
Pupil support services	1,754,291	-	1,754,291
Instructional staff services	1,678,322	-	1,678,322
General and administrative services	2,409,556	-	2,409,556
School administration	919,115	-	919,115
Operations and maintenance	1,301,681	-	1,301,681
Student transportation services	1,258,692	-	1,258,692
Business services	115,466	-	115,466
Central services	513,515	-	513,515
Food services operations	644,968	-	644,968
Total expenses	<u>17,693,703</u>	<u>-</u>	<u>17,693,703</u>
Change in net assets	(166,798)	(74,368)	(241,166)
Net assets - July 1, 2016	<u>4,750,646</u>	<u>74,368</u>	<u>4,825,014</u>
Net assets - June 30, 2017	<u>\$ 4,583,848</u>	<u>\$ -</u>	<u>\$ 4,583,848</u>

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

**CELERITY SCHOOLS LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (241,166)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in Assets and Liabilities:	
Increase in other receivables	(33,999)
Increase in grants receivable	(755,932)
Increase in prepaid expenses	(20,193)
Increase in accounts payable	<u>1,192,455</u>
Net cash provided by operating activities	<u>141,165</u>
Net Increase in cash	141,165
Cash - July 1, 2016	<u>4,003,487</u>
Cash - June 30, 2017	<u><u>\$ 4,144,652</u></u>

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

**CELERITY SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - ORGANIZATION AND MISSION:

**Celerity Schools Louisiana (CSL)** is a non-profit public benefit corporation. **CSL** operates a Network Office and the four charter schools. **CSL** commenced operations during the 2014-2015 fiscal year. Below is the charter information for each school identified:

<u>Charter Name</u>	<u>Term of Charter</u>	<u>Sponsoring Agency</u>
Celerity Crestworth Charter School	5 years	Louisiana Department of Education
Celerity Lanier Charter School	5 years	Louisiana Department of Education
Celerity Woodmere Charter School	5 years	Jefferson Parish School Board
Celerity Dalton Charter School	5 years	Louisiana Department of Education

The mission of **CSL** is to provide schools where at risk students will thrive in an atmosphere of high expectations and engaging curriculum with challenging learning activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial statement presentation

The financial statements are presented in conformity with Accounting Standards Codification (ASC) 958-205, *Not-For-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, **CSL** reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets: Unrestricted net assets are available to support all activities of **CSL**, and are not subject to donor-imposed stipulations. These generally result from revenues generated by providing services, receiving unrestricted contributions, and receiving interest from investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Temporarily restricted net assets: Net assets that are subject to donor-imposed stipulations that will be met either by actions of **CSL** and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. There were no temporarily restricted net assets as of June 30, 2017.

Permanently restricted net assets: Net assets that are subject to donor-imposed stipulations that the restrictions be maintained permanently by **CSL**. Generally, the donors of these assets permit **CSL** to use all or part of the income earned on the related investments for general or specific purposes. There were no permanently restricted assets as of June 30, 2017.

**CELERITY SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,(continued)

B. Accounting method - basis of accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements.

Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied. CSL uses the accrual basis of accounting. Revenues are recognized when they are earned and expenditures are recognized in the accounting period in which the liability is incurred.

C. Use of estimates

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

D. Income taxes

CSL is exempt from income taxes under Internal Revenue Code Section 501(c)(3). It is, however, subject to income taxes from activities unrelated to its tax-exempt purpose. CSL uses the same accounting methods for tax and financial reporting.

Generally accepted accounting principles (GAAP) provides accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken in its federal exempt organization tax returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal taxing authorities, generally for three years after they are filed.

E. Cash

Cash is from time to time variously composed of cash on hand and cash in banks. For the purpose of the statement of cash flows, cash equivalents include all highly liquid instruments purchased with original maturity dates of three (3) months or less.

The Organization had no cash equivalents as of June 30, 2017.

**CELERITY SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES,(continued)

F. Fixed assets

Fixed assets are recorded at cost and depreciated under the straight-line method over their estimated useful lives of 5 to 10 years. Repair and maintenance costs, which do not extend the useful lives of the asset, are charged to expense. The cost of assets, sold or retired, and related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and any resulting gain or loss is included in the earnings. Management has elected to capitalize and depreciate all assets with a unit cost of \$5,000 or more; all other assets are charged to expense in the year incurred. Donations of property and equipment are recorded as contributions at their fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

G. Revenue sources and recognition

CSL receives federal, state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. CSL primarily receives the funds from the Louisiana Department of Education (LDE). Amounts received from the LDE are recognized by CSL is based on enrollment of students.

CSL recognizes federal revenue to the extent that eligible expenditures have been incurred. Revenue that is restricted is recorded as an increase in unrestricted net assets if the restriction expires in the reporting period in which the revenue is recognized. All other restricted revenues are reported as increases in temporarily restricted net assets.

H. Functional allocation of expenses

The costs of providing the program services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services based on employees' time incurred and management's estimates of the usage of resources.

**CELERITY SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

I. New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease term, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than 12 months. ASU 2016-02 will be effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Organization has not yet assessed the potential impact of this guidance on its financial statements.

In August 2016, The FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities ("ASU 2016-14"). ASU 2016-14 changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. ASU 2016-14 requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in the following areas: (1) net asset classes; (2) investment return; (3) expenses; (4) liquidity and availability of resources; and (5) presentation of operating cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Application to interim financial statements is permitted but not required in the initial year of application. Early application of the amendments is permitted. The Organization has not yet assessed the potential impact of this guidance on its financial statements.

NOTE 3 - CASH ACCOUNTS:

CSL maintains its bank accounts in one operating account with interfund transactions to account for the cash receipts and disbursements by fund. As of June 30, 2017 the bank balance was \$4,255,714 and a book balance of \$4,144,980. The use of inter-fund accounts must be taken into account when reviewing book balance of cash accounts in determining the cash position of each fund.

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). CSL maintains its cash in bank deposit accounts that at times may exceed federally insured limits. CSL has not experienced any losses in such accounts. At June 30, 2017, CSL had \$4,005,714 in excess of FDIC insured limits.

**CELERITY SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 4 - FUNCTIONAL ALLOCATION EXPENSES:

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and support services in the accompanying Statement of Activities. Joint costs incurred at the home office have been allocated based on the MFP student population on February 1, 2017 which is as follows:

Crestworth	149
Lanier	339
Woodmere	361
Dalton	429

NOTE 5- COMMITMENTS AND CONTINGENCIES

CSL has received state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, management believes that any required reimbursement will not be material.

NOTE 6- SUBSEQUENT EVENTS

CSL's management has evaluated events or transactions that may occur for potential recognition or disclosure in the financial statements from the balance sheet date through November 14, 2017, which is the date the financial statements were available to be issued. Management has determined that there were no subsequent events or transactions that would have a material impact on the current year financial statements.

**SUPPLEMENTARY INFORMATION**

**CELERITY SCHOOLS LOUISIANA**  
 COMBINING SCHEDULE OF FINANCIAL POSITION  
 FOR THE YEAR ENDED JUNE 30, 2017

**SCHEDULE 1**

	<u>Celerity Crestworth Charter School</u>	<u>Celerity Lanier Charter School</u>	<u>Celerity Woodmere Charter School</u>	<u>Celerity Dalton Charter School</u>	<u>Celerity Schools Network Office</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>							
Cash	\$ -	-	-	-	4,143,652	-	\$ 4,143,652
Cash-restricted	250	250	250	250	-	-	1,000
Grants receivable	410,174	612,657	275,778	978,166	-	-	2,276,775
Other receivables	-	-	-	-	97,798	-	97,798
Due from other programs	-	929,080	-	1,752,669	-	(2,681,749)	-
Prepaid expenses	4,048	8,830	26,388	9,803	177,518	-	226,587
Total assets	<u>\$ 414,472</u>	<u>\$ 1,550,817</u>	<u>\$ 302,416</u>	<u>\$ 2,740,888</u>	<u>\$ 4,418,968</u>	<u>\$ (2,681,749)</u>	<u>\$ 6,745,812</u>
<b>LIABILITIES AND NET ASSETS</b>							
Liabilities:							
Accounts payable	\$ -	-	-	-	2,160,964	-	\$ 2,160,964
Student activity funds	250	250	250	250	-	-	1,000
Due to other programs	255,921	-	167,824	-	2,258,004	(2,681,749)	-
Total liabilities	<u>256,171</u>	<u>250</u>	<u>168,074</u>	<u>250</u>	<u>4,418,968</u>	<u>(2,681,749)</u>	<u>2,161,964</u>
Net Assets:							
Unrestricted	<u>158,301</u>	<u>1,550,567</u>	<u>134,342</u>	<u>2,740,638</u>	<u>-</u>	<u>-</u>	<u>4,583,848</u>
Total net assets.	<u>158,301</u>	<u>1,550,567</u>	<u>134,342</u>	<u>2,740,638</u>	<u>-</u>	<u>-</u>	<u>4,583,848</u>
Total liabilities and net assets	<u>\$ 414,472</u>	<u>\$ 1,550,817</u>	<u>\$ 302,416</u>	<u>\$ 2,740,888</u>	<u>\$ 4,418,968</u>	<u>\$ (2,681,749)</u>	<u>\$ 6,745,812</u>

See accompanying independent auditors's report and notes.

**CELERITY SCHOOLS LOUISIANA**  
 COMBINING SCHEDULE OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

**SCHEDULE II**

	<b>Celerity Crestworth Charter School</b>	<b>Celerity Lanier Charter School</b>	<b>Celerity Woodmere Charter School</b>	<b>Celerity Dalton Charter School</b>	<b>Celerity Schools Network Office</b>	<b>Total (memorandum only)</b>
<b>REVENUES</b>						
Local sources:						
Minimum Foundation Program	\$ 969,608	\$ 2,226,271	\$ -	\$ 2,778,057	\$ -	\$ 5,973,936
Local Other Funds	4,616	5,723	8,606	4,616	4,863	28,424
Indirect Cost Revenue	-	-	-	-	191,509	191,509
Other	6,976	8,464	-	-	-	15,440
Total local sources	<u>981,200</u>	<u>2,240,458</u>	<u>8,606</u>	<u>2,782,673</u>	<u>196,372</u>	<u>6,209,309</u>
State sources:						
Minimum Foundation Program	641,955	1,473,963	3,331,351	1,839,286	-	7,286,555
Grants	-	-	-	-	-	-
Total state sources	<u>641,955</u>	<u>1,473,963</u>	<u>3,331,351</u>	<u>1,839,286</u>	<u>-</u>	<u>7,286,555</u>
Federal grants	877,765	1,240,957	271,984	1,551,430	-	3,942,136
Other Income	-	-	-	14,537	-	14,537
Total revenues before transfers	<u>2,500,920</u>	<u>4,955,378</u>	<u>3,611,941</u>	<u>6,187,926</u>	<u>196,372</u>	<u>17,452,537</u>
Net assets released from restriction	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,368</u>	<u>-</u>	<u>74,368</u>
Total revenues	<u>2,500,920</u>	<u>4,955,378</u>	<u>3,611,941</u>	<u>6,262,294</u>	<u>196,372</u>	<u>17,526,905</u>

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

**CELERITY SCHOOLS LOUISIANA**  
 COMBINING SCHEDULE OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

**SCHEDULE II**

	<b>Celerity Crestworth Charter School</b>	<b>Celerity Lanier Charter School</b>	<b>Celerity Woodmere Charter School</b>	<b>Celerity Dalton Charter School</b>	<b>Celerity Schools Network Office</b>	<b>Total (memorandum only)</b>
<b>EXPENSES</b>						
Program Services:						
Instruction programs	\$ 1,000,215	\$ 2,164,053	\$ 1,671,667	\$ 2,247,719	\$ 14,443	\$ 7,098,097
Support Services:						
Pupil support services	256,183	379,337	276,320	683,522	158,929	1,754,291
Instructional staff services	359,410	337,826	151,907	368,506	460,673	1,678,322
General and administrative services	309,780	603,180	471,411	732,476	292,709	2,409,556
School administration	136,431	242,939	252,605	286,612	528	919,115
Operations and maintenance	313,572	299,514	354,415	333,970	210	1,301,681
Student transportation services	223,765	410,514	103,110	521,303	-	1,258,692
Business services	-	-	-	-	115,466	115,466
Central services	96,484	110,066	100,661	182,923	23,381	513,515
Food services operations	103,279	226,112	-	315,577	-	644,968
Subtotal expenses	<u>2,799,119</u>	<u>4,773,541</u>	<u>3,382,096</u>	<u>5,672,608</u>	<u>1,066,339</u>	<u>17,693,703</u>
Operating transfers in (out)	<u>101,428</u>	<u>230,766</u>	<u>245,742</u>	<u>292,031</u>	<u>(869,967)</u>	<u>-</u>
Total expenses	<u>2,900,547</u>	<u>5,004,307</u>	<u>3,627,838</u>	<u>5,964,639</u>	<u>196,372</u>	<u>17,693,703</u>
Change in unrestricted net assets	(399,627)	(48,929)	(15,897)	297,655	-	(166,798)
Decrease in temporarily restricted net asset	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,368)</u>	<u>-</u>	<u>(74,368)</u>
Change in net assets	(399,627)	(48,929)	(15,897)	223,287	-	(241,166)
Net assets - July 1, 2016	<u>557,928</u>	<u>1,599,496</u>	<u>150,239</u>	<u>2,517,351</u>	<u>-</u>	<u>4,825,014</u>
Net assets - June 30, 2017	<u>\$ 158,301</u>	<u>\$ 1,550,567</u>	<u>\$ 134,342</u>	<u>\$ 2,740,638</u>	<u>\$ -</u>	<u>\$ 4,583,848</u>

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

**CELERITY LOUISIANA SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

SCHEDULE III

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Activity</u>
<b><u>U.S. Department of Agriculture</u></b>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<i>Passed-Through: LA State Department of Education</i>		
National School Lunch Program	10,555	731,551
<i>Total Passed-Through Awards</i>		731,551
<b><u>U.S. Department of Education</u></b>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<i>Passed-Through: LA State Department of Education</i>		
Title I, Part A - Grants to Local Educational Agencies	84,010	829,596
Title II, Part A - Teacher and Principal Training and Recruiting Fund	84,367	82,248
Individuals with Disabilities Education Act (IDEA) Part B	84,027	239,905
School Improvement Grants, Recovery Act	84,377	1,795,083
School Redesign Grant	84,377B	17,700
Turnaround School Leader Program (TSLP)	84,377B	75,034
Project School Emergency Response to Violence (SERV)	84,184S	42,360
Believe and Prepare	84,048	100,000
Believe and Prepare, 8(g)	84,048	1,356
<i>Total Passed-Through Awards</i>		3,183,282
<b>Total U.S. Department of Education</b>		3,183,282
<b><u>Federal Emergency Management</u></b>		
<i><u>Direct Funding</u></i>		
Alternative Procedures Pilot Program	97,036	27,303
<i>Total Direct-Funding</i>		27,303
<b>Total Expenditures of Federal Awards</b>		<b>\$ 3,942,136</b>

The accompanying Schedule of Expenditures of Federal Awards included the federal grant activity of Celerity Schools Louisiana, 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 (CFR) part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Celerity Schools Louisiana has elected to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.

**CELERITY SCHOOLS LOUISIANA**  
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer  
FOR YEAR ENDED JUNE 30, 2017

**SCHEDULE VI**

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**Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer**

**Agency Head: Craig Knotts**

Salary	\$ 179,922
Benefits-retirement	19,593
Car allowance	12,816
Reimbursements	2,501
	<u>\$214,832</u>

See accompanying independent auditors's report and notes.

**OTHER INDEPENDENT AUDITOR'S REPORTS**

**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**

Board of Directors  
Celerity Schools Louisiana  
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 Celerity Schools Louisiana, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 14, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Celerity Schools Louisiana'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Celerity Schools Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Celerity Schools Louisiana's internal control.

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

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



## **Compliance and Other Matters**

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

## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "SQUAR MILNER LLP".

**SQUAR MILNER LLP**

San Diego, California  
November 14, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Celerity Schools Louisiana  
New Orleans, Louisiana

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

We have audited Celerity Schools Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Celerity Schools Louisiana's major federal programs for the fiscal year ended June 30, 2017. Celerity Schools Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Celerity Schools Louisiana's major federal programs 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 Celerity Schools Louisiana's 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 each major federal program. However, our audit does not provide a legal determination of Celerity Schools Louisiana's compliance.



## Opinion on Each Major Federal Program

In our opinion, Celerity Schools Louisiana complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of Celerity Schools Louisiana 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 Celerity Schools Louisiana's internal control over compliance with requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB 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 Celerity Schools Louisiana's 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 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 OMB Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**SQUAR MILNER LLP**

San Diego, California  
November 14, 2017

## **FINDINGS AND RECOMMENDATIONS**

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**CELERITY SCHOOLS LOUISIANA**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2017**

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**A. Summary of Auditor's Results**

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified?      Yes   X   No

One or more significant deficiencies identified that are not considered to be material weaknesses?      Yes   X   None Reported

Noncompliance material to financial statements noted?      Yes   X   No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified?      Yes   N/A   No

One or more significant deficiencies identified that are not considered to be material weaknesses?      Yes   N/A   None Reported

Type of auditor's report issued on compliance for major programs:     N/A    

Any audit findings disclosed that are required to be reported under section 200.516 Audit Findings paragraph (a) or OMB Uniformed Guidance      Yes   N/A   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A - Grants to LEAs
84.027	Special Education - IDEA, Part B

Dollar threshold used to distinguish between type A and type B programs:     \$750,000    

Auditee qualified as low-risk auditee?   X   Yes      No

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**CELERITY SCHOOLS LOUISIANA**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Fiscal Year Ended June 30, 2017**

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**B. Financial Statement Findings**

None

**C. Federal Award Findings and Questioned Costs**

None

**D. State Award Findings and Questioned Costs**

None

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**CELERITY SCHOOLS LOUISIANA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
June 30, 2017

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<u>Findings/Recommendations</u>	<u>Current Status</u>	<u>Management's Explanation if Not Implemented</u>
None	N/A	N/A