

**NEW ORLEANS COLLEGE PREPARATORY  
ACADEMIES  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
New Orleans College Preparatory Academies  
New Orleans, LA

### **Report on the Audits of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of New Orleans College Preparatory Academies (a nonprofit organization) (hereafter The School), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The School as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing the audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Emphasis of Matter***

The financial statements for the year ended June 30, 2024 reflect certain prior period adjustments as described in Note 13 to the financial statements. Our opinion is not modified with respect to this matter.

### ***Supplementary Information***

The accompanying Schedule of Compensation, Benefits, and Other Payments to the School Leader, and the Statewide Agreed Upon Procedures are not a required part of the financial statements, but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which are described in the Independent Accountants' Report on Applying Agreed-Upon Procedures. However, we did not audit this information and, accordingly, express no opinion on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2024, on our consideration of The School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The School's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Daigrepoint & Brian APAC". The signature is written in a cursive, flowing style.

Daigrepoint & Brian, APAC  
Baton Rouge, LA  
December 13, 2024

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2024**

ASSETS

Current Assets

Cash	\$ 2,082,629
Governmental grant receivables	113,737
Investments	242,967
Prepaid expense	17,201
Total Current Assets	<u>2,456,534</u>

Property and Equipment

Buildings and improvements	1,318,960
Furniture and equipment	437,812
	<u>1,756,772</u>
Accumulated depreciation	(1,446,914)
Net Property and Equipment	<u>309,858</u>

Total Assets

\$ 2,766,392

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 85,083
Salaries and benefits payable	60,568
Note payable, current portion	89,501
Total Current Liabilities	<u>235,152</u>

Long Term Liabilities

Note payable, net of current	271,938
Total Long Term Liabilities	<u>271,938</u>

Total Liabilities

507,090

Net Assets Without Donor Restrictions

2,259,302

Total Liabilities and Net Assets

\$ 2,766,392

See accompanying notes and independent auditors' report.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES</b>			
Federal grants	\$ 684,289	\$ -	\$ 684,289
State grants	1,094,389	-	1,094,389
Tuition	117,256	-	117,256
Medicaid income	37,444	-	37,444
Other income	24,334	-	24,334
Total Revenues	<u>1,957,712</u>	<u>-</u>	<u>1,957,712</u>
<b>EXPENSES</b>			
Program Services	1,896,623	-	1,896,623
Management and General	340,915	-	340,915
Total Expenses	<u>2,237,538</u>	<u>-</u>	<u>2,237,538</u>
CHANGE IN NET ASSETS	(279,826)	-	(279,826)
Net assets - beginning of year	<u>2,539,128</u>	<u>-</u>	<u>2,539,128</u>
Net assets - end of year	<u><u>\$ 2,259,302</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,259,302</u></u>

See accompanying notes and independent auditors' report.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services	Management & General	Total
Curriculum & assessment	\$ 60,606	\$ 6,442	\$ 67,048
Depreciation expense	74,755	18,689	93,444
Employee benefits	82,942	10,693	93,635
Food service	224,234	-	224,234
Insurance	-	84,995	84,995
Interest	21,415	-	21,415
Legal & professional services	73,171	32,442	105,613
Office expense	946	45,078	46,024
Other	453	-	453
Payroll taxes	81,770	11,706	93,476
Rent	14,940	4,415	19,355
Repairs & maintenance	64,624	21,542	86,166
Salaries & wages	1,152,296	95,972	1,248,268
Supplies	14,825	8,603	23,428
Transportation	28,633	-	28,633
Utilities	1,013	338	1,351
	<u>\$ 1,896,623</u>	<u>\$ 340,915</u>	<u>\$ 2,237,538</u>

See accompanying notes and independent auditors' report.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ (279,826)
<u>Adjustments to reconcile net revenues over expenses to net cash provided by operating activities:</u>	
Depreciation	93,444
Gain on disposal property & equipment	5,013
Unrealized investment gain	(21,792)
Decrease in accounts receivable	1,148,996
Decrease in prepaid expense	44,521
Decrease in accounts payable	(251,517)
Decrease in salaries and benefits payable	(15,443)
Total adjustments	<u>1,003,222</u>
Net cash provided by operating activities	723,396

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on notes payable	<u>(84,933)</u>
Net cash used in financing activities	<u>(84,933)</u>

INCREASE IN CASH AND CASH EQUIVALENTS 638,463

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 1,444,166

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 2,082,629

SUPPLEMENTAL DISCLOSURE

Cash paid for interest during the year	<u><u>\$ 21,415</u></u>
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See accompanying notes and independent auditors' report.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**1. Summary of Significant Accounting Policies**

(a) Organization

New Orleans College Preparatory Academies (the School) was created as a non-profit organization under the laws of the State of Louisiana on November 6, 2006. The School operates the John W. Hoffman Early Learning Center which serves children from six weeks old through Pre-K and is open to anyone in the Greater New Orleans area.

(b) Basis of Accounting

The financial statements of the School have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the School to report information regarding its financial position and activities according to the following net asset classifications:

*Net Assets Without Donor Restrictions* are net assets that are not subject to donor-imposed restrictions and are available for use at the organization's discretion.

*Net Assets With Donor Restrictions* are net assets subject to donor-imposed restrictions that may or will be met, either by actions of the organization, and/or the passage of time. Once the restrictions are met, they are reclassified to net assets without donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

(c) Cash

For purposes of the statements of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

(d) Governmental Grants Receivable

Grants receivable represent amounts due under federal and state grant programs and, at times, contributions. The grant programs are reimbursable in nature and revenue is recognized as a receivable once the expenditures are incurred. Receivables are written off when deemed uncollectible by management and recoveries, if any, are recorded when received.

Governmental grants receivable as of June 30, 2024 consist of the following:

Federal Grants	\$	41,990
State Grants		71,747
	\$	<u>113,737</u>

(e) Functional Expenses

The School allocates its expenses on a functional basis between program service or general and administrative. Expenses that can be identified with the school curriculum are allocated directly according to their natural expense classification. Other expenses are allocated between program service and general and administrative based on management's estimate of time, percentage, or square footage used, among other factors.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

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

(f) Revenues

The School receives the majority of its revenue from the federal and state grant programs. The funding is passed through the Louisiana Department of Education and other agencies. The School's federal grant funding is on a cost reimbursement basis and is recognized as earned once the expenditures have been incurred, at which time all performance obligations have also been satisfied.

The School's state grant funding is provided through multiple programs that support early learning education in the Greater New Orleans area. The funding is awarded based on the student enrollment at the School and is recognized monthly when received.

The School also receives revenue from tuition fees. Tuition is charged on a per student basis and is received primarily from other schools that outsource educational services to the School, due to the inability to accommodate their current enrollment levels. The amount recorded is based on the student enrollment from other schools and is recognized monthly as services are rendered.

The School receives private funding in the form of contributions from various individuals and entities. Contributions are recognized when an unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The School does not have any activity that would give rise to variable consideration.

(g) Income Taxes

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

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School files information returns in the U.S. federal jurisdiction. The School is not subject to U.S. federal income tax examinations by tax authorities beyond three years from the filing of those returns.

(h) Use of Estimates

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

**2. School Facilities**

The School occupies a building that is owned by the OPSB and the Recovery School District, and does not make any monthly lease payments. In exchange for occupying the building at no cost the School has entered into a cooperative endeavor agreement with the OPSB.

Per the agreement, the School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**2. School Facilities (continued)**

The value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

**3. Concentrations**

The School receives the majority of its operating revenue from the federal and state grant funding. The School also receives revenue from tuition and private contributions. The percentage of revenue and receivables from these sources in excess of 10% is as follows:

<b>2024</b>	Revenue	Receivables
Federal Grants	36%	100%
State Grants	54%	N/A

**4. Retirement Plan**

The School offers a 403(b) retirement plan for eligible employees. Eligibility to participate in the plan is based on the employee’s age, length of service, and various other factors. For those that are eligible, the School will match up to 4% of the employee’s contributions. The School does not participate in the Teachers’ Retirement System of Louisiana (TRSL).

For the year ended June 30, 2024 the amount paid related to the School's retirement plan was \$6,462.

**5. Compensated Absences**

Employees earn paid time off based on various factors such as length of service and job title. Any unused paid time off is paid out at the end of the year and does not carry over to the following year. Therefore, there are no compensated absences accrued at June 30, 2024.

**6. Commitments and Contingencies**

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

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**7. Reclassification**

Certain amounts included in the prior year financial statements have been reclassified to confirm to the current year presentation.

**8. Property and Equipment**

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the least term. The useful lives range from three to forty years. The School's policy is to capitalize renewals and betterments acquired for greater than \$5,000 and expense normal repairs and maintenance as incurred.

Depreciation expense was \$93,444 for the year ended June 30, 2024.

**9. Liquidity and Availability of Financial Assets**

The following reflects the School's financial assets as of the statement of financial position date within one year of the statement of financial position date.

Financial Assets at Year End:

Cash	\$ 2,082,629
Governmental grants receivable	113,737
Investments	242,967
Financial Assets Available for General Expenditures	<u>\$ 2,439,333</u>

As part of the School's liquidity management, cash is kept in checking accounts that can be accessed to meet daily needs of the organization.

**10. Subsequent Event**

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through December 13, 2024, which is the date the financial statements were available to be issued.

**11. Fair Value Measurement**

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets that have the highest priority, and Level 3 inputs have the lowest priority. The School uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the School measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

The School measures common stocks at using Level 1 metrics. Therefore, they are recorded at fair market value. The fair value of the School's investments were \$242,967 as of June 30, 2024. No Level 2 or 3 inputs were available to the School.

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2024**

**12. Debt**

*Construction Loan*

The School obtained a loan in the maximum amount of \$826,000 for the acquisition, development, and construction of an early learning center. The note matures on February 22, 2028, bears interest at 5.25% per annum, and is collateralized by the above mentioned property. The note calls for monthly payments of \$8,862 with a final balloon payment for the amount of any outstanding principal and interest. For the year ended June 30, 2024 interest expense was \$21,415. The balance on the note at June 30, 2024 was \$361,439.

Estimated future payments less than five years are as follows:

Fiscal Year 2025	\$ 89,501
Fiscal Year 2026	94,314
Fiscal Year 2027	99,387
Fiscal Year 2028	78,237
	<u>\$ 361,439</u>

**13. Prior Period Adjustment**

Errors resulting in the misstatement of financial statement categories as presented below in the June 30, 2023 financial statements were identified during the current year. The errors related to improper accrual of grant funding in the prior year which resulted in the underreporting of accounts receivable & federal and overreporting of state grant revenue as of June 30, 2023. The effect of the restatement on the financial statements as of and for the year ended June 30, 2023 are summarized below:

	As Previously Stated	Adjustment	June 30, 2024 Restated
Beginning Net Assets Without Donor Restrictions	\$ 2,516,617	\$ 22,511	\$ 2,539,128
Federal Grants	\$ 740,800	\$ (56,511)	\$ 684,289
State Grants	\$ 1,060,389	\$ 34,000	\$ 1,094,389

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
SCHEDULE OF COMPENSATION, BENEFITS, AND  
OTHER PAYMENTS TO THE SCHOOL LEADER  
FOR THE YEAR ENDED JUNE 30, 2024**

School Leader	<u>Z. Ragas</u>
Salary	\$ 98,990
Benefits - retirement	2,903
Benefits - medical	7,429
	<u>\$ 109,322</u>



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

To the Board of Directors  
New Orleans College Preparatory Academies  
New Orleans, LA

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Orleans College Preparatory Academies (a nonprofit Organization) (hereafter The School), which comprise the statement of financial position as of June 30, 2024, 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 December 13, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The School's internal control. Accordingly, we do not express an opinion on the effectiveness of The School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in 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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The School'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document. This report is intended solely for the information and use of the audit committee, management, and others within the organization, the Legislative Auditor, and the federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Daigrepoint & Brian APAC". The signature is written in a cursive, flowing style.

Daigrepoint & Brian, APAC  
Baton Rouge, LA  
December 13, 2024

**NEW ORLEANS COLLEGE PREPARATORY ACADEMIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2024**

We have audited the financial statements of New Orleans College Preparatory Academies, as of June 30, 2024, and for the year then ended, and have issued our report thereon dated December 13, 2024. 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. Our audit of the financial statements as of June 30, 2024 resulted in an unmodified opinion.

**Summary of Auditors' Reports**

*Financial Statements*

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

**Findings - Financial Statement Audit**

There are no findings for the year ended June 30, 2024.

**Questioned Costs**

There are no questioned costs for the year ended June 30, 2024.



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

To the Board of Directors  
New Orleans College Preparatory Academies  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2023 through June 30, 2024. New Orleans College Preparatory Academies (hereafter the School) management is responsible for those C/C areas identified in the SAUPs.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2023 through June 30, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

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1. Obtain and inspect the entity's written policies and procedures and observe whether 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.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) **Disbursements**, including processing, reviewing, and approving.
  - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

*Exception:* The School has no Information Technology Disaster Recovery/Business Continuity policies.

***Board or Finance Committee***

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- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit 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.*
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: No exceptions noted as a result of applying this procedure.

### ***Bank Reconciliations***

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3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: No exceptions noted as a result of applying this procedure.

### ***Collections (excluding electronic funds transfers)***

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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).
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 responsible for cash collections do not share cash drawers/registers.
  - 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.
  - 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.
  - 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/official verifies the reconciliation.
6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

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.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe 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 and the cash is stored securely in a locked safe or drawer).
  - e) Trace the actual deposit per the bank statement to the general ledger.

*Exception:* During testing of procedure #7, it was noted that, as of June 30, 2024, there were numerous undeposited checks that were received over 30 days before year end.

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

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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).
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.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - 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.
  - 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.
  - e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (ETF), wire transfer, or some other electronic means.
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 whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was:
  - a) Approved by only those persons authorized to disburse funds per the entity's policy.
  - b) Approved by the required number of authorized signers per the entity's policy.

Results: No exceptions noted as a result of applying this procedure.

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

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12. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
13. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
  - a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
  - b) Observe that finance charges and late fees were not assessed on the selected statements.
14. Using the monthly statements or combined statements selected under #13 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*Exception:* The account was closed at the time of the audit and we were unable to obtain documentation.

***Travel and Travel-Related Expense Reimbursements (excluding card transactions)***

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15. 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, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

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

*Exception:* The School was unable to provide the requested documentation.

### ***Contracts***

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16. 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 whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).
  - c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).
  - 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 the invoice and related payment agreed to the terms and conditions of the contract.

Results: No exceptions noted as a result of applying this procedure.

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

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17. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #17 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
19. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or

officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

20. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results: No exceptions noted as a result of applying this procedure.

### ***Ethics***

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21. Using the 5 randomly selected employees/officials from procedure #17 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
  - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
  - b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: The School is a nonprofit organization so this procedure does not apply.

### ***Debt Service***

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23. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.
24. 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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: Not applicable as the School did not issue or have outstanding bond debt during the fiscal year.

### ***Fraud Notice***

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25. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
26. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: No exceptions noted as a result of applying this procedure.

## ***Information Technology Disaster Recovery/Business Continuity***

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27. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”
- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government’s local server or network, and (c) was encrypted.
  - b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees previously obtained. Observe evidence that the selected terminated employees have been removed or disabled from the network.
29. Using the 5 randomly selected employees from procedure #17 under “Payroll and Personnel” above, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees with access to the School’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- Hired before June 9, 2020 – completed the training, and
  - Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

Results: We performed the procedures and discussed the results with management.

## ***Sexual Harassment***

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30. Using the 5 randomly selected employees/officials from procedure #17 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
31. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
32. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;

- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Results: The School is a nonprofit organization so this procedure does not apply.

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

We were engaged by The School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of The School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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



Daigrepoint & Brian, APAC  
Baton Rouge, LA

December 13, 2024