
RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2018



Postlethwaite & Netterville

A Professional Accounting Corporation

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RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

FINANCIAL STATEMENTS

JUNE 30, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
ReNEW – Reinventing Education

Report on the Financial Statements

We have audited the accompanying financial statements of ReNEW – Reinventing Education (“ReNEW”) (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ReNEW – Reinventing Education as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation and other Disbursements Paid to or on behalf of Agency Head on page 16 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 December 20, 2018, on our consideration of ReNEW'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 ReNEW's internal control over financial reporting and compliance.

Postlethwaite & Netterville

New Orleans, Louisiana
December 20, 2018

RENEW – REINVENTING EDUCATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

| <u>ASSETS</u> | | |
|---|--------------|--------------|
| | 2018 | 2017 |
| <u>CURRENT ASSETS</u> | | |
| Cash, unrestricted | \$ 4,249,872 | \$ 7,093,024 |
| Cash, restricted | 135,298 | 50,991 |
| Grants receivable | 2,375,650 | 1,535,753 |
| Other receivables | 268,435 | 24,268 |
| Prepaid expenses | 421,975 | 121,001 |
| Total current assets | 7,451,230 | 8,825,037 |
| <u>PROPERTY AND EQUIPMENT, NET</u> | | |
| | 310,169 | 323,867 |
| Total assets | \$ 7,761,399 | \$ 9,148,904 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| <u>CURRENT LIABILITIES</u> | | |
| Accounts payable and accrued expenses | \$ 2,544,309 | \$ 2,187,611 |
| Total current liabilities | 2,544,309 | 2,187,611 |
| Total liabilities | 2,544,309 | 2,187,611 |
| <u>NET ASSETS</u> | | |
| Unrestricted | 5,081,792 | 6,910,302 |
| Temporarily restricted | 135,298 | 50,991 |
| Total net assets | 5,217,090 | 6,961,293 |
| Total liabilities and net assets | \$ 7,761,399 | \$ 9,148,904 |

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

RENEW - REINVENTING EDUCATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2018 AND 2017

| | <u>Year ended June 30, 2018</u> | | | <u>Year ended June 30, 2017</u> | | |
|---|---------------------------------|-----------------------------------|---------------------|---------------------------------|-----------------------------------|---------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| <u>REVENUES AND SUPPORT</u> | | | | | | |
| Federal government | \$ 9,993,159 | \$ - | \$ 9,993,159 | \$ 9,783,278 | \$ - | \$ 9,783,278 |
| State and local governments | 41,016,019 | - | 41,016,019 | 41,492,901 | - | 41,492,901 |
| Private grants and donations | 48,122 | 283,265 | 331,387 | 314,963 | 585,608 | 900,571 |
| Other revenue | 462,545 | - | 462,545 | 213,073 | - | 213,073 |
| Net assets released from restrictions | 198,958 | (198,958) | - | 571,955 | (571,955) | - |
| | <u>51,718,803</u> | <u>84,307</u> | <u>51,803,110</u> | <u>52,376,170</u> | <u>13,653</u> | <u>52,389,823</u> |
| <u>EXPENSES</u> | | | | | | |
| Program services | | | | | | |
| Regular education programs | 16,958,263 | - | 16,958,263 | 16,095,496 | - | 16,095,496 |
| Operation and maintenance of plant | 8,476,190 | - | 8,476,190 | 7,680,339 | - | 7,680,339 |
| Special education programs | 5,647,612 | - | 5,647,612 | 5,532,329 | - | 5,532,329 |
| School administration | 5,427,725 | - | 5,427,725 | 5,091,320 | - | 5,091,320 |
| Instructional staff services | 4,458,924 | - | 4,458,924 | 4,790,905 | - | 4,790,905 |
| Food service operations | 2,603,781 | - | 2,603,781 | 2,735,811 | - | 2,735,811 |
| Pupil support services | 4,303,902 | - | 4,303,902 | 3,969,733 | - | 3,969,733 |
| Student activities | 2,262,254 | - | 2,262,254 | 1,975,315 | - | 1,975,315 |
| Management and general | | | | | | |
| General administration | 3,408,662 | - | 3,408,662 | 3,434,286 | - | 3,434,286 |
| | <u>53,547,313</u> | <u>-</u> | <u>53,547,313</u> | <u>51,305,534</u> | <u>-</u> | <u>51,305,534</u> |
| Change in net assets | (1,828,510) | 84,307 | (1,744,203) | 1,070,636 | 13,653 | 1,084,289 |
| <u>NET ASSETS, BEGINNING OF YEAR</u> | <u>6,910,302</u> | <u>50,991</u> | <u>6,961,293</u> | <u>5,839,666</u> | <u>37,338</u> | <u>5,877,004</u> |
| <u>NET ASSETS, END OF YEAR</u> | <u>\$ 5,081,792</u> | <u>\$ 135,298</u> | <u>\$ 5,217,090</u> | <u>\$ 6,910,302</u> | <u>\$ 50,991</u> | <u>\$ 6,961,293</u> |

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

RENEW - REINVENTING EDUCATION
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Change in net assets | \$ (1,744,203) | \$ 1,084,289 |
| Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities: | | |
| Depreciation expense | 71,276 | 23,133 |
| Changes in operating assets and liabilities: | | |
| Grants receivable | (839,897) | (123,023) |
| Other receivables | (244,167) | (19,618) |
| Prepaid expenses | (300,974) | - |
| Accounts payable and accrued expenses | 356,698 | (369,673) |
| | <u>(2,701,267)</u> | <u>595,108</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | |
| Purchases of property and equipment | <u>(57,578)</u> | <u>(278,842)</u> |
| | <u>(57,578)</u> | <u>(278,842)</u> |
| Net (decrease) increase in cash | (2,758,845) | 316,266 |
| Cash, beginning of year | <u>7,144,015</u> | <u>6,827,749</u> |
| Cash, end of year | <u>\$ 4,385,170</u> | <u>\$ 7,144,015</u> |
| <u>RECONCILIATION TO FINANCIAL STATEMENTS</u> | | |
| Cash, unrestricted | \$ 4,249,872 | \$ 7,093,024 |
| Cash, restricted | 135,298 | 50,991 |
| | <u>\$ 4,385,170</u> | <u>\$ 7,144,015</u> |
| <u>SUPPLEMENTAL DISCLOSURE FOR CASH FLOW INFORMATION</u> | | |
| Cash paid during the year for interest | <u>\$ 4,452</u> | <u>\$ 842</u> |

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

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

ReNEW – Reinventing Education (“ReNEW”), incorporated on June 6, 2009, is an educational institution organized to provide a rigorous, college preparatory education to historically underserved pre-kindergarten through twelfth grade students.

The Board of Elementary and Secondary Education (BESE) approved the granting of two charters to ReNEW effective June 8, 2010 to operate two Type 5 Charter Schools, as defined in LA R.S. 17:3996. ReNEW commenced operations with the 2010-2011 school year. During the year ended June 30, 2012, ReNEW opened three additional schools. During the year ended June 30, 2014, ReNEW opened one additional school. ReNEW opened an additional school for the year ended June 30, 2016 utilizing the charter approved by BESE in the fall of 2011. On July 1, 2015, the Louisiana Department of Education approved the merger of ReNEW Accelerated High School #1 and ReNEW Accelerated High School #2 into a single school, ReNEW Accelerated High School #2. During the year ended June 30, 2018, ReNEW operated 6 schools: ReNEW SciTech Academy at Laurel Elementary, ReNEW Accelerated High School #2, ReNEW Dolores T. Aaron Elementary, ReNEW Cultural Arts Academy at Live Oak Elementary, ReNEW McDonogh City Park Academy, and ReNEW Schaumburg Elementary. At June 30, 2018, the charter contract for ReNEW Cultural Arts Academy at Live Oak Elementary was not renewed and ReNEW's operation of the school will not continue beyond June 30, 2018. At June 30, 2018, the charter contract for ReNEW McDonogh City Park Academy was relinquished and ReNEW's operation of the school will not continue beyond June 30, 2018.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board under *ASC No. 958 Not-for-Profit Entities*.

ReNEW is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, the net assets of ReNEW and changes therein are classified and reported as follows:

- *Unrestricted net assets* - Net assets that are not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that will be met either by actions of ReNEW and/or the passage of time.
- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of ReNEW pursuant to those stipulations. At June 30, 2018 and 2017, ReNEW had no permanently restricted net assets.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Cash

Cash includes amounts on deposit at local financial institutions.

Grants and Other Receivable

Grants and other receivable consist primarily of noninterest-bearing amounts related to federal and state grant reimbursements. ReNEW determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectable. At June 30, 2018 and 2017, the allowance was \$0.

Property and Equipment

The land, building and building improvements used to operate ReNEW were owned by the Recovery School District (RSD) and, as such, are recorded on the financial statements of the RSD. The RSD also provided ReNEW with furniture and equipment that is also recorded on the RSD's financial statements and not reported by ReNEW. ReNEW only reports its direct purchases of leasehold improvements, furniture and equipment. ReNEW has adopted the practice of capitalizing all expenditures for depreciable assets where the unit costs exceed \$5,000. Property is recorded at cost or at fair value for donated assets. Depreciation of these assets is provided on the straight-line basis over their estimated useful lives of 3 years for furniture and equipment and 5 years for leasehold improvements. Effective July 1, 2018, OPSB (Orleans Parish School Board) owned the land, building, and building improvements.

Contributions and Revenue Recognition

Revenue is recognized when earned. Revenues from federal and state grants are recorded when ReNEW has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by ReNEW, or when otherwise earned under the terms of the grants. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

ReNEW records unconditional promises to give that are expected to be collected within one year at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. At June 30, 2018 and 2017, there are no unconditional promises to give. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Contributed Services

The value of contributed services is recorded, at fair value, as revenues and support and expense in the period received, provided there is an objective basis for measurement of the value of such goods and services and they are significant, require specialized skills and form an integral part of the ReNEW's efforts. ReNEW did not recognize donated services during the years ended June 30, 2018 and 2017.

In addition, ReNEW receives services donated by parents and community members in carrying out ReNEW's mission. The value of these services is not recognized in the accompanying financial statements as they do not meet the criteria for recognition under GAAP.

Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis on the Statement of Activities and Changes in Net Assets. Note 6 presents a reconciliation of expenses by function to their natural classification. Accordingly, certain costs have been allocated among the services benefited.

Tax Exempt Status

ReNEW is a nonprofit organization exempt from the income taxes under provisions of the Internal Revenue Service Code Sections 501(c) (3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes.

ReNEW applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of applying this approach, ReNEW has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

Recent Accounting Pronouncements

On August 18, 2016, FASB issued Accounting Standards Update (ASU) No. 2016-14. Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under the ASU, the number of net asset classes is decreased from three to two; enhanced disclosures of underwater endowments are required; reporting of expenses by function and nature, as well as an analysis of expenses by both function and nature is required; and qualitative information in the notes to the financial statements on how it manages its liquid available resources and liquidity risks is required. This ASU is effective for ReNEW's year ending June 30, 2019. ReNEW is currently assessing the impact of this pronouncement on the financial statements.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In June 2018, the FASB issued ASU No. 2018-08 Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This ASU will be effective for ReNEW's year ending June 30, 2020. ReNEW is currently evaluating the impact ASU 2018-08 will have on the financial statements.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, to update its revenue recognition standard to clarify the principles of recognizing revenue and eliminate industry-specific guidance as well as help financial statement users better understand the nature, amount, timing, and uncertainty of revenue that is recognized. This ASU will be effective for ReNEW's year ending June 30, 2020. ReNEW is currently evaluating the impact ASU 2014-09 will have on the financial statements.

In February 2016, FASB issued ASU No. 2016-02, Leases. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. This ASU is effective for ReNEW's year ending June 30, 2021. ReNEW is currently assessing the impact of this pronouncement on its financial statements.

2. Grants Receivable

Grants receivable as of June 30 are as follows:

| | 2018 | 2017 |
|-----------------------------|---------------------|---------------------|
| Due from federal government | \$ 2,345,959 | \$ 1,503,843 |
| Due from State of Louisiana | 29,691 | 25,368 |
| Other grants receivable | - | 6,542 |
| | <u>\$ 2,375,650</u> | <u>\$ 1,535,753</u> |

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

3. Property and Equipment

A summary of property and equipment at June 30 is as follows:

| | <u>2018</u> | <u>2017</u> |
|-----------------------------------|-------------------|-------------------|
| Furniture and equipment | \$ 706,123 | \$ 706,123 |
| Leasehold improvements | 536,398 | 478,820 |
| | <u>1,242,521</u> | <u>1,184,943</u> |
| Less: accumulated depreciation | (932,352) | (861,076) |
| Total property and equipment, net | <u>\$ 310,169</u> | <u>\$ 323,867</u> |

4. Temporarily Restricted Net Assets

A summary of the composition of temporarily restricted net assets at June 30 is as follows:

| <u>Restriction</u> | <u>2018</u> | <u>2017</u> |
|---|-------------------|------------------|
| Career Pathways | \$ 109,544 | \$ - |
| Second Harvest Backpack Program | 20,000 | 20,000 |
| STEM labs | 5,254 | 20,282 |
| RAHS Behavioral Health Development and Research | 500 | - |
| Library Support | - | 6,000 |
| Science Incentives | - | 2,709 |
| School garden project | - | 2,000 |
| | <u>\$ 135,298</u> | <u>\$ 50,991</u> |

5. Line of Credit

ReNEW had a \$1,000,000 uncollateralized line of credit with a financial institution at the prime lending rate of 5.75% at June 30, 2017. ReNEW did not have a balance outstanding on the line of credit as of June 30, 2017. The line of credit expired on August 1, 2018.

ReNEW had a \$1,000,000 uncollateralized line of credit with a financial institution at the prime lending rate of 5.75% at June 30, 2018. ReNEW did not have a balance outstanding on the line of credit as of June 30, 2018. The line of credit expires on August 1, 2019.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

6. Functional Allocation of Expenses

Program services represent specifically identified expenses and management’s estimate of expenses that should be allocated to supporting classroom and teaching activities and programs. Management and general services represent specifically identified expenses and management’s estimate of expenses that should be allocated to business management and administration services.

Functional expenses for the year ended June 30, 2018 are as follows:

| | <u>Program Services</u> | <u>Management and General</u> | <u>Total</u> |
|--|-----------------------------|-----------------------------------|----------------------|
| Advertising | \$ 54,411 | \$ 1,800 | \$ 56,211 |
| Contract services | 3,400,370 | 577,481 | 3,977,851 |
| Depreciation expense | 71,276 | - | 71,276 |
| Facility, equipment, and maintenance | 2,297,606 | - | 2,297,606 |
| Food service operations | 2,595,657 | - | 2,595,657 |
| Instructional materials | 1,879,734 | 1,902 | 1,881,636 |
| Insurance | 579,512 | - | 579,512 |
| Non-instructional materials | 79,917 | 139,480 | 219,397 |
| Miscellaneous | - | 4,587 | 4,587 |
| Telephone, postage, access, and printing | 226,292 | - | 226,292 |
| Salaries and benefits | 33,661,062 | 2,612,886 | 36,273,948 |
| State and local MFP fee | 764,542 | - | 764,542 |
| Student transportation | 4,150,177 | - | 4,150,177 |
| Technology | 190,979 | 59,086 | 250,065 |
| Travel and staff development | 187,116 | 11,440 | 198,556 |
| Total expenses | <u>\$ 50,138,651</u> | <u>\$ 3,408,662</u> | <u>\$ 53,547,313</u> |

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

6. Functional Allocation of Expenses (continued)

Functional expenses for the year ended June 30, 2017 are as follows:

| | Program Services | Management and General | Total |
|--|----------------------|---------------------------|----------------------|
| Advertising | \$ 100,183 | \$ - | \$ 100,183 |
| Contract services | 2,847,008 | 445,415 | 3,292,423 |
| Depreciation expense | 23,133 | - | 23,133 |
| Facility, equipment, and maintenance | 1,941,700 | - | 1,941,700 |
| Food service operations | 2,735,771 | - | 2,735,771 |
| Instructional materials | 1,627,183 | 6,203 | 1,633,386 |
| Insurance | 548,783 | - | 548,783 |
| Non-instructional materials | 10,870 | 112,368 | 123,238 |
| Miscellaneous | - | 12,930 | 12,930 |
| Telephone, postage, access, and printing | 192,931 | - | 192,931 |
| Salaries and benefits | 32,272,069 | 2,775,535 | 35,047,604 |
| State and local MFP fee | 803,863 | - | 803,863 |
| Student transportation | 4,056,511 | - | 4,056,511 |
| Technology | 616,678 | 61,282 | 677,960 |
| Travel and staff development | 94,565 | 20,553 | 115,118 |
| Total expenses | <u>\$ 47,871,248</u> | <u>\$ 3,434,286</u> | <u>\$ 51,305,534</u> |

7. Credit Risk Concentration

As of June 30, 2018 and 2017, ReNEW had bank accounts at financial institutions, which at times may exceed federally insured deposit limits. ReNEW has not historically experienced any loss in such accounts and management believes ReNEW is not exposed to any significant credit risk related to the cash in the banks.

8. Retirement System

Certain employees of ReNEW are enrolled to be members of the Teachers' Retirement System of Louisiana (TRSL). This system is a cost-sharing multiple-employer defined benefit pension plan administered by a separate board of trustees with contribution rates and benefit provisions approved by the Louisiana Legislature. Pertinent information relative to the plan follows.

Plan description – The TRSL consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRSL issues a publicly available financial report that includes financial statements and required supplementary information for the TRSL. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

8. Retirement System (continued)

Funding policy - Plan members are required to contribute 8.0 percent, 9.1 percent, and 5.0 percent of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. ReNEW is required to contribute at an actuarially determined rate. The employer contribution rates were 25.5 percent and 26.3 percent of annual covered payroll for all three membership plans as of June 30, 2018 and 2017, respectively. Member contributions and employer contributions for the TRSL are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. ReNEW's employer contribution to the TRSL, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from ReNEW. ReNEW's contributions to the TRSL for the years ended June 30, 2018 and 2017 were \$1,130,913 and \$1,227,546, respectively; which is equal to the required contributions for each year.

9. Defined Contribution Plan

ReNEW has a 401(k) plan that was adopted in July 2010. Full-time employees not enrolled in the Teachers' Retirement System of Louisiana have the option of enrolling in ReNEW's sponsored 401(k). All employees 18 years of age and older are eligible to participate in the Plan after completing one hour of service in a twelve-month period. Under the terms of the Plan, ReNEW matches employee contributions up to 4% of employee compensation. For the years ended June 30, 2018 and 2017, ReNEW made \$353,662 and \$361,394, respectively, in employer matching contributions to the plan.

10. School Properties

On July 1, 2015 ReNEW entered in a lease agreement with the Recovery School District (RSD) for 6 years to use facilities and its contents located at 820 Jackson Avenue. This lease terminated on June 30, 2018. During the years ended June 30, 2017 and 2018, no rent was charged to ReNEW by the RSD.

On July 1, 2015 ReNEW entered in a lease agreement with the RSD for 3 years to use facilities and its contents located at 3128 Constance Street. This lease terminated on June 30, 2018. During the years ended June 30, 2017 and 2018, no rent was charged to ReNEW by the RSD.

On July 1, 2016, ReNEW entered into a lease agreement with the RSD to allow ReNEW to use the facilities and its content located at 3649 Laurel Street, or any other locations that may be approved by ReNEW and the Board, for a period terminating on June 30, 2018. ReNEW is using the space for ReNEW Accelerated High School #2 and does not expect rent to be charged. During the years ended June 30, 2018, and 2017, no rent was charged to ReNEW by RSD. On July 1, 2018, ReNEW entered into a one-year lease agreement with OPSB (Orleans Parish School Board) to allow ReNEW to use the facilities and its content located at 3649 Laurel Street.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

10. School Properties (continued)

On July 1, 2013, ReNEW entered into a lease agreement with the RSD to allow ReNEW to use facilities and its contents located at 10200 Curran Boulevard, or any other locations approved by ReNEW and the Board in lieu of the facility located at 5552 Read Boulevard for an initial lease term of five years, terminating on June 30, 2018. The lease agreement was extended for an additional year, terminating on June 30, 2018. The RSD has forgone the payment of rent for the first year of this lease agreement. During the years ended June 30, 2018, and 2017, no rent was charged to ReNEW by the RSD. On July 1, 2018, ReNEW entered into a lease agreement with the OPSB to extend the use of the facilities and its contents located at 10200 Curran Boulevard for one year.

On July 1, 2013, ReNEW entered into a lease agreement with the RSD to allow ReNEW to use facilities and its contents located at 9501 Grant Street, or any other locations that may be approved by ReNEW and the Board, for an initial period of five years, terminating on June 30, 2018. ReNEW began operating ReNEW Schaumburg Elementary from the facilities in July 2013. During the years ended June 30, 2017, and 2018, no rent was charged to ReNEW by the RSD. On February 10, 2017, ReNEW entered into a lease agreement with the RSD to allow ReNEW to use facilities and its contents located at 12000 Hayne Blvd. as an alternate, temporary location for ReNEW due to tornado damage suffered at 9501 Grant Street terminating on June 15, 2017 and was subsequently renewed beginning June 16, 2017 through June 30, 2018. On July 1, 2018, ReNEW entered into a one-year lease agreement with OPSB (Orleans Parish School Board) to allow ReNEW to use the facilities and its content located at 12000 Hayne Blvd.

On July 1, 2015, ReNEW entered into a lease agreement with RSD to allow ReNEW to use facilities and its contents located at 2733 Esplanade Ave, or any other locations approved by ReNEW and the Board, for an initial period of three years, terminating on June 30, 2018. ReNEW began operating ReNEW McDonogh #28 City Park Academy from the facilities in July 2015 utilizing the Charter that was approved by the Board of Elementary and Secondary Education in the Fall of 2011. RSD did not charge ReNEW any rent for the years ended June 30, 2017, and 2018.

On July 1, 2016, ReNEW entered into a lease agreement with RSD to allow ReNEW to use facilities and contents located at 1607 South Carrollton Ave for an initial period of two years, terminating on June 30, 2018. ReNEW relocated the extension of its other charter school operations previously operating at First Pilgrim's Baptist Church to the facilities at 1607 South Carrollton Ave in July 2016. RSD did not charge ReNEW any rent for the year ended June 30, 2017, and 2018. On July 1, 2018, ReNEW entered into a lease agreement with OPSB to allow ReNEW to use facilities and contents located at 1607 South Carrollton Ave for an initial period of one year.

Use of the property, including fixtures, furniture, and equipment provided by the RSD or OPSB is not recorded as an in-kind contribution. ReNEW 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.

RENEW – REINVENTING EDUCATION

NOTES TO FINANCIAL STATEMENTS

11. Contingencies

ReNEW participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that ReNEW has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2018 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and ReNEW.

12. Economic Dependency

ReNEW receives the majority of its revenue from the State of Louisiana Minimum Foundation Program Funding and from various federal grants passed through the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/ or state level, the amount of funds ReNEW receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of revenue and support ReNEW will receive in fiscal year 2019 from state and federal governments.

13. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 20, 2018, and determined that there were no subsequent events requiring disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

RENEW - REINVENTING EDUCATION
SCHEDULE OF COMPENSATION AND OTHER DISBURSEMENTS
PAID TO OR ON BEHALF OF AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2018

Organization Head: Kevin Gutterrez, CEO, served July 1, 2017 to February 28, 2018

| Purpose | Amount |
|-----------------------------------|---------------|
| Salary | \$ 127,967 |
| Bonus | - |
| Benefits - Insurance | 4,422 |
| Benefits - Retirement | 4,799 |
| Benefits - FICA | 4,569 |
| Benefits - Medicare | 1,804 |
| Benefits - Unemployment insurance | - |
| Other reimbursements: | |
| Travel - CEO | 138 |

Organization Head: Tanya Bryant, CEO, served March 1, 2018 to June 30, 2018

| Purpose | Amount |
|-----------------------------------|---------------|
| Salary | \$ 57,500 |
| Bonus | - |
| Benefits - Insurance | 1,683 |
| Benefits - Retirement | 2,300 |
| Benefits - FICA | 3,531 |
| Benefits - Medicare | 826 |
| Benefits - Unemployment insurance | - |
| Other reimbursements: | |
| Materials and Supply for CMO | 547 |

See accompanying independent auditors' report.

RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

SINGLE AUDIT REPORT

JUNE 30, 2018



Postlethwaite & Netterville

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RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

SINGLE AUDIT REPORT

JUNE 30, 2018

RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

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**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,
ReNEW – Reinventing Education

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 ReNEW – Reinventing Education (ReNEW) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2018.

Internal Control Over Financial Reporting

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

Postlethwaite & Netterville

New Orleans, Louisiana
December 20, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE AND THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Trustees,
ReNEW – Reinventing Education

Report on Compliance for Each Major Federal Program

We have audited ReNEW – Reinventing Education's (ReNEW) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ReNEW's major federal programs for the year ended June 30, 2018. ReNEW'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 federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of ReNEW'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 1 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 ReNEW'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 ReNEW's compliance.

Opinion on Each Major Federal Program

In our opinion, ReNEW complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of ReNEW 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 ReNEW's internal control over compliance with the types of 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ReNEW'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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of ReNEW as of and for the year ended June 30, 2018, and have issued our report thereon dated December 20, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Uniform Guidance, 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.

Postlethwaite & Netterville

New Orleans, Louisiana
December 20, 2018

RENEW - REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

| <u>Federal Grantor/ Pass Through Grantor/ Program Title</u> | <u>CFDA Number</u> | <u>Grantor Project Number</u> | <u>Federal Expenditures</u> | <u>Passed to Sub-Recipients</u> |
|--|---------------------------|--------------------------------------|------------------------------------|--|
| <u>U.S. Department of Agriculture</u> | | | | |
| Passed through the Louisiana Department of Education | | | | |
| School Breakfast Program | 10.553 | 16-SFS-015 | \$ 934,676 | \$ 34,048 |
| National School Lunch Program | 10.555 | 16-SFS-015 | 1,741,493 | 94,892 |
| Summer Food Service Program for Children | 10.559 | 16-SFS-015 | 39,976 | - |
| Total Child Nutrition Cluster | | | <u>2,716,145</u> | <u>128,940</u> |
| Child and Adult Care Food Program | 10.558 | 2016-92AR | <u>288,069</u> | <u>15,195</u> |
| Total U.S. Department of Agriculture | | | <u>3,004,214</u> | <u>144,135</u> |
| <u>U.S. Department of Education</u> | | | | |
| Passed through the Louisiana Department of Education | | | | |
| Special Education - Grants to States and High Risk Pool | 84.027A | H027A150033 | 1,190,825 | - |
| Special Education - Preschool Grants | 84.173A | H173A150082 | <u>138,704</u> | <u>-</u> |
| Total Special Education Cluster | | | <u>1,329,529</u> | <u>-</u> |
| School Improvement Grants | 84.377A | S377A120020 | <u>464,763</u> | <u>-</u> |
| Total School Improvement Grants Cluster | | | <u>464,763</u> | <u>-</u> |
| Title I Grants to Local Education Agencies | 84.010A | S010A140018 | 2,769,632 | - |
| Title II, Part A, Teacher and Principal Training and Recruitin | 84.367A | S367A150017 | 293,565 | - |
| Title III, Part A | 84.365 | S354A150018 | 17,218 | - |
| Title IV, Part A | 84.424A | S424A170019 | 71,518 | - |
| Twenty-First Century Community Learning Centers | 84.287 | 2814C8WC | 737,680 | - |
| Striving Readers | 84.371C | S371C11045-12 | 117,415 | 23,682 |
| Perkins | 84.048 | V0488A150018 | 8,905 | - |
| Passed through Louisiana Board of Regions | 84.334 | N/A | 36,509 | - |
| LA Gear UP | | | | |
| Total U.S. Department of Education | | | <u>5,846,734</u> | <u>23,682</u> |
| <u>U.S. Department of Health and Human Services</u> | | | | |
| Passed through the Louisiana Department of Education | | | | |
| Temporary Assistance for Needy Families | 93.558B | G-61102LATANF | <u>811,147</u> | <u>-</u> |
| Total U.S. Department of Health and Human Services | | | <u>811,147</u> | <u>-</u> |
| <u>Corporation for National and Community Service</u> | | | | |
| AmeriCorps | 94.006 | N/A | <u>331,064</u> | <u>-</u> |
| Total Federal Assistance Expended | | | <u>\$ 9,993,159</u> | <u>\$ 167,817</u> |

See accompanying notes to Schedule of Expenditures of Federal Awards.

RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of ReNEW- Reinventing Education (ReNEW) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 1 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ReNEW, it is not intended to and does not present the financial position, changes in net assets, or cash flows of ReNEW.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. ReNEW has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) Relationship to Basic Financial Statements

Federal awards are included in federal government revenue in the statements of activities and changes in net assets.

RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section I – Summary of Independent Auditor’s Results

Financial Statements

| | |
|---|----------------------|
| Type of auditor’s report issued: | <u>unmodified</u> |
| Internal control over financial reporting: | |
| • Material weakness(es) identified: | <u>no</u> |
| • Significant deficiency(ies) identified: | <u>none reported</u> |
| Noncompliance material to the financial statements noted: | <u>no</u> |

Federal Awards

| | |
|---|----------------------|
| Internal control over major programs: | |
| • Material weakness(es) identified: | <u>no</u> |
| • Significant deficiency(ies) identified: | <u>none reported</u> |
| Type of auditor's report issued on compliance for major programs: | <u>unmodified</u> |
| Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance | <u>no</u> |
| Identification of major programs: | |
| U.S. Department of Education | |
| Special Education Cluster: | |
| Grants to States and High Risk Pool | 84.027A |
| Preschool Grants | 84.173A |
| U.S Department of Health and Human Services | |
| Temporary Assistance for Needy Families | 93.558B |
| Dollar threshold used to distinguish between type A and type B programs | <u>\$750,000</u> |
| Auditee qualified as a low risk auditee: | <u>yes</u> |

RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Section II – Findings relating to the financial statements reported in accordance with
Government Auditing Standards

None

Section III – Findings and Questioned Costs Related to Federal Awards

None

RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section II – Findings relating to the financial statements reported in accordance with
Government Auditing Standards

None

Section III – Findings and Questioned Costs Related to Federal Awards

None

RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

PERFORMANCE AND STATISTICAL DATA

FOR THE YEAR ENDED JUNE 30, 2018



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RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

PERFORMANCE AND STATISTICAL DATA

FOR THE YEAR ENDED JUNE 30, 2018



Independent Accountants' Report
on Applying Agreed-Upon Procedures

To the Board of Directors
ReNEW – Reinventing Education
New Orleans, Louisiana:

We have performed the procedures enumerated below, which were agreed to by the management of ReNEW – Reinventing Education (ReNEW); the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of ReNEW for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of ReNEW is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on Schedule 1:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

We noted no exceptions.

Class Size Characteristics (Schedule 2)

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

We noted no exceptions.

Education Levels/Experience of Public School Staff

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

We noted no exceptions.

Public School Staff Data: Average Salaries

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

We noted no exceptions.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of ReNEW, as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Postlethwaite & Netterville

New Orleans, Louisiana
December 20, 2018

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

General Fund Instructional and Equipment Expenditures

| | | |
|--|---------------|-----------|
| General Fund Instructional Expenditures: | | |
| Teacher and Student Interaction Activities: | | |
| Classroom Teacher Salaries | \$ 10,863,819 | |
| Other Instructional Staff Activities | 2,268,675 | |
| Instructional Staff Employee Benefits | 5,060,002 | |
| Purchased Professional and Technical Services | 862,945 | |
| Instructional Materials and Supplies | 1,283,845 | |
| Instructional Equipment | 71,276 | |
| Total Teacher and Student Interaction Activities | \$ 20,410,562 | |
| Other Instructional Activities | | 247,976 |
| Pupil Support Activities | 4,411,267 | |
| Less: Equipment for Pupil Support Activities | - | |
| Net Pupil Support Activities | 4,411,267 | |
| Instructional Staff Services | 2,991,244 | |
| Less: Equipment for Instructional Staff Services | - | |
| Net Instructional Staff Services | 2,991,244 | |
| School Administration | 4,050,301 | |
| Less: Equipment for School Administration | - | |
| Net School Administration | 4,050,301 | |
| Total General Fund Instructional Expenditures | \$ 32,111,350 | |
| Total General Fund Equipment Expenditures | | \$ 71,276 |

Prepared by ReNEW - Reinventing Education

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

| School Type | Class Size Range | | | | | | | |
|----------------------------------|------------------|--------|---------|--------|---------|--------|---------|--------|
| | 1 - 20 | | 21 - 26 | | 27 - 33 | | 34+ | |
| | Percent | Number | Percent | Number | Percent | Number | Percent | Number |
| Elementary | 39% | 265 | 24% | 166 | 26% | 176 | 11% | 72 |
| Elementary Activity Classes | 0% | - | 0% | - | 0% | - | 0% | - |
| Middle/Jr. High | 0% | - | 0% | - | 0% | - | 0% | - |
| Middle/Jr. High Activity Classes | 0% | - | 0% | - | 0% | - | 0% | - |
| High | 49% | 36 | 12% | 9 | 15% | 11 | 24% | 17 |
| High Activity Classes | 50% | 4 | 25% | 2 | 0% | - | 25% | 2 |
| Combination | 0% | - | 0% | - | 0% | - | 0% | - |
| Combination Activity Classes | 0% | - | 0% | - | 0% | - | 0% | - |

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

Prepared by ReNEW - Reinventing Education

RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2018



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RENEW – REINVENTING EDUCATION
NEW ORLEANS, LOUISIANA

STATEWIDE AGREED-UPON PROCEDURES

FOR THE YEAR ENDED JUNE 30, 2018

**Independent Accountant’s Report
On Applying Agreed-Upon Procedures
For the Year Ended June 30, 2018**

To Board of Directors of ReNEW – Reinventing Education and the Louisiana Legislative Auditor:

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

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

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read “no exception noted”. If not, then a description of the exception ensues. Additionally, certain procedures listed below may not have been performed in accordance with guidance provided by the Louisiana Legislative Auditor, the specified user of the report. For those procedures, “procedure was not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity” is indicated.

Written Policies and Procedures

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

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

We performed the procedures above and noted no exceptions.

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.

We performed the procedures above and noted no exceptions.

Written Policies and Procedures (continued)

- c) **Receipts**, 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).

We performed the procedures above and noted no exceptions.

- d) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We performed the procedures above and noted no exceptions.

- e) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

We performed the procedures above and noted no exceptions.

- f) **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)

We performed the procedures above and noted no exceptions.

- g) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

We performed the procedures above and noted no exceptions.

- h) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

We performed the procedures above and noted no exceptions.

Written Policies and Procedures (continued)

- i) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

ReNEW does not have any debt, therefore, this is not applicable.

Board or Finance Committee

- 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.

We performed the procedures above and noted the Board had a quorum for all meetings held during the year.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

We performed the procedures above and noted no exceptions.

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

The above procedure is not applicable for non-profits.

Bank Reconciliations

3. Obtain a listing of client 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 selected each 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, 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 that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures outlined in #3 were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Collections

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

A listing of deposit sites was provided and included a total of 1 deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one deposit site and performed the procedures below.

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 listing of collection locations for the deposit site selected in procedure #4 was provided and included a total of 9 collection locations. No exceptions were noted as a result of performing this procedure.

From each of the listing provided, we randomly selected one collection location for the deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

Collections (continued)

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

We performed the procedures above and noted no exceptions.

- 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.

We performed the procedures above and noted no exceptions.

- 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.

We performed the procedures above and noted no exceptions.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

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:

We performed the procedures above and noted no exceptions.

- a) Observe that receipts are sequentially pre-numbered.

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

Collections (continued)

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

We performed the procedures above and noted no exceptions.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 1 location and performed the procedures below.

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:

The listing of employees involved with non-payroll purchasing and payment functions for each payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

We performed the procedures above and noted no exceptions.

- b) At least two employees are involved in processing and approving payments to vendors.

We performed the procedures above and noted no exceptions.

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

- 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.

For the location selected for our procedures, the person processing payments was not prohibited from adding / modifying vendor files. Per inquiry with management, an employee is responsible for periodically reviewing changes to vendor files, however, that employee is also allowed to process payments and add/modify 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.

We performed the procedures above and noted no exceptions.

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 listing of non-payroll disbursements for each payment processing location selected in procedures #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From each of the listings provided, we randomly selected 5 disbursements and performed the procedures below.

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

We performed the procedures above and noted no exceptions.

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

ReNEW does not have documentation of segregation of duties between the person responsible for processing payments and adding vendors to the entity's purchasing/disbursement system. As noted above, per inquiry with management, an employee is responsible for periodically reviewing changes to vendor files, however, that employee is also allowed to process payments and add/modify vendor files.

Management's Response

9c and 10b) - ReNEW does not restrict the adding of vendors to the vendor list by employees outside of those entering disbursements due to staff limitations. However, ReNEW does employ a mitigating control that all disbursements are reviewed by the Controller, CFO, or COO before the disbursement is made.

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

11. 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.

A listing of cards was provided. No exceptions were noted as a result of performing this procedure.

12. 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:

From the listing provided, we selected 5 cards used in the fiscal period. We selected one monthly statement for each of the 5 cards selected and performed the procedures noted below.

- a) Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

We performed the procedures above and noted no exceptions.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

We performed the procedures above and noted no exceptions.

13. Using the monthly statements or combined statements selected under #12 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 that 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).

We performed the procedures above and noted no exceptions.

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

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

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 reimbursements and performed the procedures below.

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

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

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

We performed the procedures above and noted no exceptions.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

Contracts (continued)

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedures outlined in #15 were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees/elected officials employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 employees/officials and performed the specified procedures. No exceptions noted.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

We selected 1 pay period during the fiscal period and performed the procedures below for the 5 employees/officials selected in procedure #16.

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.).

We performed the procedures above and noted no exceptions.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

We performed the procedures above and noted no exceptions.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

We performed the procedures above and noted no exceptions.

Payroll and Personnel (continued)

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.:

No terminations payments were made in fiscal year 2018.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

We performed the procedures above and noted no exceptions.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Procedures outlined in #20 were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

Debt Service

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Not applicable as ReNEW has no debt.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.

Not applicable as ReNEW has no debt.

Other

23. 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.
24. Observe that 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.

Procedures outlined in #23 & #24 were not performed due to no exceptions occurring for this procedure in the prior year or the existence of mitigating internal controls as asserted by the entity.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Sincerely,

Postlethwaite & Netterville

New Orleans, Louisiana
December 20, 2018