

**COMMUNITY ACADEMIES  
OF NEW ORLEANS, INC.  
NEW ORLEANS, LOUISIANA**

Audit of Financial Statements

June 30, 2024



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## **Independent Auditor's Report**

To the Board of Directors  
Community Academies of New Orleans, Inc.  
New Orleans, Louisiana

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

#### **Opinion**

We have audited the accompanying financial statements of Community Academies of New Orleans, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, the related statements of activities and changes in net assets, 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 Organization as of June 30, 2024, and the changes in its net assets and 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 (GAAS) 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 Organization 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 Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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 auditor's 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing the audit in accordance with GAAS 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 audit 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 Organization'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 Organization'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.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of board of directors, and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (R.S.) 24:513 A(3), are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying combining statement of financial position by school and combining statement of activities and changes in net assets by school are presented for purposes of additional analysis and are 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 15, 2024, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

Covington, LA  
December 15, 2024

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Statement of Financial Position**  
**June 30, 2024**

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**Assets**

**Current Assets**

Cash	\$ 3,233,933
Certificates of Deposit, Short-Term	1,584,116
Grants Receivable	1,744,100
Prepaid Expenses	82,978
Other Receivables	664

<b>Total Current Assets</b>	<u>6,645,791</u>
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**Property and Equipment**

Furniture, Fixtures, and Equipment	23,086
Leasehold Improvements	508,425
Less: Accumulated Depreciation	<u>(382,615)</u>

<b>Net Property and Equipment</b>	<u>148,896</u>
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**Other Assets**

Certificates of Deposit, Long-Term	1,433,188
Operating Lease Right-of-Use Assets	<u>385,318</u>

<b>Total Other Assets</b>	<u>1,818,506</u>
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<b>Total Assets</b>	<u><u>\$ 8,613,193</u></u>
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**Liabilities and Net Assets**

**Current Liabilities**

Accounts Payable	\$ 619,823
Accrued Expenses	173,710
Operating Lease Liabilities, Current Portion	<u>385,318</u>

<b>Total Current Liabilities</b>	<u>1,178,851</u>
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**Net Assets**

Without Donor Restrictions	<u>7,434,342</u>
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<b>Total Net Assets</b>	<u>7,434,342</u>
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<b>Total Liabilities and Net Assets</b>	<u><u>\$ 8,613,193</u></u>
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The accompanying notes are an integral part of these financial statements.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Statement of Activities and Changes in Net Assets**  
**For the Year Ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
State and Local Public School Funding			
Minimum Foundation Program	\$ 16,353,191	\$ -	\$ 16,353,191
Federal Grants	4,119,660	-	4,119,660
Federal School Lunch Program	1,357,059	-	1,357,059
State Grants	970,170	-	970,170
Private Grants and Contributions	10,624	-	10,624
Other Income	176,487	-	176,487
Interest Income	145,384	-	145,384
<b>Total Support and Revenue</b>	<b>23,132,575</b>	<b>-</b>	<b>23,132,575</b>
<b>Expenses</b>			
<b>Program Services - Student Instruction and Activities</b>			
Regular Education	11,703,237	-	11,703,237
Special Education	2,725,799	-	2,725,799
Pupil Support	1,309,514	-	1,309,514
Transportation	1,952,216	-	1,952,216
<b>Supporting Services</b>			
Management and General	10,898,981	-	10,898,981
CMO Fee Eliminations	(4,937,977)	-	(4,937,977)
<b>Total Expenses</b>	<b>23,651,770</b>	<b>-</b>	<b>23,651,770</b>
<b>Change in Net Assets</b>	<b>(519,195)</b>	<b>-</b>	<b>(519,195)</b>
<b>Net Assets, Beginning of Year</b>	<b>7,953,537</b>	<b>-</b>	<b>7,953,537</b>
<b>Net Assets, End of Year</b>	<b>\$ 7,434,342</b>	<b>\$ -</b>	<b>\$ 7,434,342</b>

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

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2024**

	Program Services - Student Instruction and Activities				Support Services		Total
	Regular Education	Special Education	Pupil and Staff Support	Student Transportation	Management and General	CMO Fee Eliminations	
<b>Expenses</b>							
Salaries	\$ 7,644,050	\$ 1,753,901	\$ 518,684	\$ 979,265	\$ 1,940,176	\$ -	\$ 12,836,076
Employee Benefits	1,125,963	267,711	79,736	109,751	409,279	-	1,992,440
Repairs and Maintenance	50,718	-	-	106,202	1,500,388	-	1,657,308
Purchased Services	394,902	80,816	627,216	-	5,139,611	(4,937,977)	1,304,568
Materials and Supplies	838,019	21,175	76,336	2,740	136,912	-	1,075,182
Food Service	880,311	114,503	-	-	-	-	994,814
Renting and Leasing	-	-	-	572,004	81,722	-	653,726
Insurance	-	-	-	-	576,928	-	576,928
Utilities and Fuel	-	-	-	143,603	393,868	-	537,471
Purchased Transportation Services	-	485,571	-	-	-	-	485,571
Professional Development	385,290	-	-	2,575	-	-	387,865
Dues and Fees	24,557	-	-	12,972	349,626	-	387,155
Communications & Online Subscription	67,728	2,122	-	16,506	204,980	-	291,336
Equipment & Capital	185,300	-	7,542	-	-	-	192,842
Other Miscellaneous Expenses	62,534	-	-	6,598	32,168	-	101,300
Accounting and Audit Services	-	-	-	-	98,667	-	98,667
Travel	34,417	-	-	-	16,088	-	50,505
Advertising and Marketing	-	-	-	-	18,568	-	18,568
Student Activities	9,448	-	-	-	-	-	9,448
<b>Total Expenses</b>	<b>\$ 11,703,237</b>	<b>\$ 2,725,799</b>	<b>\$ 1,309,514</b>	<b>\$ 1,952,216</b>	<b>\$ 10,898,981</b>	<b>\$ (4,937,977)</b>	<b>\$ 23,651,770</b>

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



**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

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**Cash Flows from Operating Activities**

Change in Net Assets	\$ (519,195)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used in Operating Activities	
Depreciation and Amortization	175,490
Amortization of Right-of-Use Asset	455,855
(Increase) Decrease in:	
Grants Receivable	24,792
Prepaid Expenses	60,858
Other Receivables	152,985
Increase (Decrease) in:	
Accounts Payable	206,373
Accrued Expenses	(139,273)
Operating Lease Liabilities	<u>(455,855)</u>

**Net Cash Used in Operating Activities** (37,970)

**Cash Flows from Investing Activities**

Purchase of Property and Equipment	(48,938)
Purchase of Certificates of Deposit, Net of Repurchases and Reinvestments	<u>(2,161)</u>

**Net Cash Used in Investing Activities** (51,099)

**Net Decrease in Cash** (89,069)

**Cash, Beginning of Year** 3,323,002

**Cash, End of Year** \$ 3,233,933

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

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

**Organization**

Community Academies of New Orleans, Inc. (the Organization) was incorporated on August 14, 2019, to bring together Esperanza Charter School, Lafayette Academy Charter School, and Foundation Preparatory Charter School with the ultimate goal of strengthening all three schools, while also maintaining their unique cultures and communities. These schools share a commitment to serving all students in our diverse New Orleans community, a foundational principle upon which the Organization was founded.

In May 2020, the Orleans Parish School Board (OPSB, a.k.a NOLA Public Schools, a.k.a NOLA-PS) approved a five-year charter agreement for the Organization to operate Lafayette Academy Charter School, which was scheduled to expire on June 30, 2025. During December 2023, the OPSB voted to neither renew nor extend the charter agreement for Lafayette Academy Charter School. The Organization effectively ceased operating Lafayette Academy Charter School as of June 30, 2024. The Organization is currently in the process of finalizing all outstanding balances and obligations related to the closure, which it expects will complete during the year ended June 30, 2025.

In May 2020, the OPSB approved five-year charter agreements for the Organization to operate Esperanza Charter School and Foundation Preparatory Charter School, which are both scheduled to expire on June 30, 2025. On December 10, 2024, the OPSB voted to accept the OPSB superintendent's recommendation to approve an extension for Esperanza Charter School and Foundation Preparatory Charter School. Amended charter agreements and extension terms are in the process of being finalized. See Note 13.

The Organization provides student instruction and activities as part of regular education, special education, special programs, and pupil support services programs.

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Basis of Net Asset Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions* - Net assets for general use that are not subject to donor-imposed restrictions.

*Net Assets With Donor Restrictions* - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the Organization are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

The activities of the Organization and its charter schools are accounted for separately. The statement of financial position and statement of activities and changes in net assets include the accounts of the Organization and the three (3) aforementioned charter schools. All significant inter-school transactions and balances have been eliminated.

**Functional Expenses**

The costs of providing the program services and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first allocated by direct identification and then allocation if an expenditure benefits more than one program or function. The expenses that are allocated are allocated on the basis of estimates of time and effort or student count. Expenses allocated based on student count during the year ended June 30, 2024 include purchased services and food service. Expenses that were allocated based on time and effort during the year ended June 30, 2024 include salaries, employee benefits, and payroll taxes.

**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 and Cash Equivalents**

During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the Organization's bank accounts from donations received from individuals or entities who specified the use of the contribution. At June 30, 2024, there were no restricted cash balances.

For purposes of the statement of cash flows, the Organization considers all investments and certificates of deposit purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2024, the Organization had no cash equivalents.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Certificates of Deposit**

The Organization classifies its certificates of deposit in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Investments Debt and Equity Securities*. Based upon the Organization's positive intent and ability to hold its certificates of deposit to maturity, certificates of deposit have been classified as held-to-maturity investments and are carried at amortized cost, which approximates market value.

**Grants Receivable**

The Organization received various state and federal grants to fund programs and operations. The grants are on a reimbursement basis and grants receivable at year-end are stated at unpaid balances for expenditures incurred during the year. As of June 30, 2024, based on management's experience with the collection of grants from the State of Louisiana, the grants receivable are considered to be fully collectible.

**Accounts Receivable**

Effective July 1, 2023, the Organization records accounts receivable, primarily related to student activities, net of an allowance for credit losses. As of June 30, 2024, the Organization had no significant accounts receivable and no allowance for credit losses recorded.

**Contributions and Revenue Recognition**

Grants and contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. The Organization will not recognize a conditional promise to give until the conditions on which the promise depends are substantially met. Contributions are reported as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributions expected to be collected in less than one year are reported at net realizable value. Those expected to be collected in more than one year are recorded at fair value at the date of the promise and are discounted at an appropriate discount rate. Future amortization of the discount will be included in contribution revenue. Management closely monitors outstanding balances and writes off any balances deemed uncollectible.

Revenues from federal and state grants are recorded when the Organization has a right to reimbursement under the related grant, generally corresponding to the incurring of grant-related costs by the Organization, or when earned under the terms of the grants. An accrual is made when eligible expenses are incurred.

The Organization's primary source of funding was through the State's Minimum Foundation Program (MFP). The Organization received revenue from the state based on eligible students in attendance on a monthly basis.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

All acquisitions of property and equipment in excess of \$1,000 and betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the Organization. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

The following are the estimated useful lives of the fixed assets of the Organization:

<b>Assets</b>	<b>Useful Lives</b>
Furniture, Fixtures, and Equipment	7 Years
Leasehold Improvements	Remaining Lease Term

**Income Taxes**

The Organization is recognized by the Internal Revenue Service (IRS) as a Section 501(c)(3) tax-exempt organization. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The Organization believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

**Compensated Absences**

All teachers and staff are provided 10 days of paid annual sick leave. If the employee terminates at June 30<sup>th</sup>, the remaining days are forfeited. Accordingly, the Organization does not recognize a liability for accumulated compensated absences.

**Leases**

The Organization accounts for leases under FASB ASC 842, which requires lessees to record right-of-use (ROU) assets and related lease obligations on the balance sheet. The ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments over that term. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the statement of activities and changes in net assets.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Leases (Continued)**

ROU assets and liabilities are recognized at commencement based on the present value of lease payments over the lease term. ROU assets also include any lease payments made prior to lease commencement and exclude lease incentives. The lease term is the noncancelable period of the lease and includes options to extend or terminate the lease when it is reasonably certain that an option will be exercised. The Organization has elected the private company alternative available in ASC 842 to use a risk free rate over a similar term in computing the present value of lease payments.

As permitted by the standard, the Organization elected, for all asset classes, the short-term lease exemption. A short-term lease is a lease that, at the commencement date, has a term of twelve months or less and does not include an option to purchase the underlying asset.

**Reversionary Interest in Funds and Assets**

All funds received from the Louisiana Department of Education (LDOE), United States Department of Education (USDOE), or other state or federal agency are to be used for educational purposes as described in the Organization's charter agreements and grant awards. These agencies, however, have a reversionary interest in these funds, as well as any assets acquired with these funds.

Non-capital assets acquired by the Organization with non-public funds will remain the property of the Organization. Assets purchased with public funds obtained from public sources will automatically revert to the Board of Elementary and Secondary Education at the time this agreement is terminated. The Organization must maintain records of any assets acquired with private funds that will remain the property of the Organization.

**Note 2. Concentrations**

**Revenue Concentrations**

The Organization received 71% of its total revenues during the year ended June 30, 2024 from the LDOE and the OPSB as MFP payments subject to its charter agreement. See Note 8.

The Organization received 28% of its total revenues during the year ended June 30, 2024 from the federal government, subject to pass-through grant agreements with the LDOE and the OPSB. During the year ended June 30, 2024, federal granting agencies included United States Department of Agriculture and the United States Department of Education.

The Organization's operations are concentrated to the Greater New Orleans area.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 2. Concentrations (Continued)**

**Deposit Concentrations**

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be recovered. The Organization periodically maintains deposits in bank accounts in excess of insured limits. As of June 30, 2024, the Organization's cash deposit balances were approximately \$3.56 million and certificate of deposit balances were approximately \$3.02 million. The Federal Deposit Insurance Corporation (FDIC) insures the total balance of accounts up to \$250,000, per financial institution. As of June 30, 2024, approximately \$3.06 million in cash deposits were uninsured. Also as of June 30, 2024, substantially all certificates of deposits were insured by the FDIC. The Organization has not experienced any losses as a result of this practice.

**Note 3. Cash, Cash Equivalents, and Certificates of Deposit**

The Organization's cash (book balance) at June 30, 2024 totaled \$3,233,933.

The Organization's certificates of deposit (book balance) at June 30, 2024 totaled \$3,017,304, which includes accrued interest receivable of \$0-.

**Note 4. Grants Receivable**

As of June 30, 2024, grants receivable totaled \$1,744,100, which were receivables for federal and state grants passed through the LDOE and the OPSB. The stated balance is considered to be fully collectible.

**Note 5. Property and Equipment**

Depreciation expense totaled \$175,490 for the year ended June 30, 2024.

**Note 6. Retirement Plan**

The Organization offers a 401(k) plan to employees who are immediately vested upon entering the plan. Eligible employees may contribute up to the maximum allowed by the IRS. The Organization matches 100% of each employee's first 5% of their elective contributions. The Organization's match expense for the year ended June 30, 2024, amounted to \$201,995.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 7. Leases**

**OPSB Leases**

The Organization entered into an agreement with the OPSB which allows the Organization to use the facilities and its contents located at 2727 South Carrollton Avenue, New Orleans, Louisiana 70118. The lease agreement was designated to Lafayette Academy Charter School and expired on June 30, 2024.

The Organization entered into an agreement with the OPSB which allows the Organization to use the facilities and its contents located at 9330 Forshey Street, New Orleans, LA 70118. The lease agreement was designated to Lafayette Academy Charter School and expired on June 30, 2024. During June 30, 2024, substantially all leasehold improvements associated with this lease were fully depreciated.

The Organization entered into an agreement with the OPSB which allows the Organization to use the facilities and its contents located at 4407 South Carrollton Avenue, New Orleans, Louisiana 70119. The lease agreement is designated to Esperanza Charter School and is scheduled to expire on June 30, 2025.

The Organization entered into an agreement with the OPSB which allows the Organization to use the facilities and its contents located at 3121 St. Bernard Avenue, New Orleans, LA 70119. The lease agreement is designated to Foundation Preparatory Charter School and is scheduled to expire on June 30, 2025.

All of the OPSB leases call for payments based on a Use Fee and participation in OPSB's Per Pupil Unit Cost Program. The Use Fee is calculated annually and withheld from MFP funds by OPSB. The calculation is based on each charter schools per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management, and flood insurance of all OPSB-controlled school facilities participating in the Per Pupil Unit Cost Program, and includes any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship. See Note 8.

Use of the properties in the aforementioned leases is not recorded as an in-kind contribution from, or related rent expense to, the OPSB as the value of the use of the land and building is not readily determinable.

**Operating Leases**

The Organization leases school buses under an operating lease agreement with an original term of 2 years. During May 2024, the lease was modified during the year ended June 30, 2024 to return certain buses associated and to reduce future payments accordingly. The modified lease agreement is set to terminate on June 30, 2025. Operating lease cost is recognized on a straight-line basis over the lease term. Operating lease cost during the year ended June 30, 2024 was approximately \$572,000.

The remaining lease term for the school bus lease at June 30, 2024 is 12 months. The discount rate assigned to the lease at June 30, 2024 is 4.87%. Lease payments over the next year amount to \$390,000. Within these payments is an imputed interest amount of \$4,682, resulting in a present value of lease liabilities of \$385,318.



**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 8. Minimum Foundation Program (MFP)**

The OPSB provides funding to the State of Louisiana, collected from local agencies, which passes through to the Organization as local MFP, which is determined on an annual basis based on the number of pupils enrolled as of October 1<sup>st</sup>. Revenues received by OPSB from sales tax revenues, ad valorem taxes, and other sources are allocated to each school based on its enrollment. The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in the schools of the Organization as of October 1<sup>st</sup>. This state-funded per pupil allocation is based on the most recently approved MFP formula resolution. For the year ended June 30, 2024, the Organization recognized state and local MFP revenue of \$16,353,191.

The OPSB charges and withholds an administration fee from MFP distributions. For the year ended June 30, 2024, the Organization recognized \$320,703 related to these administration fees. The Organization also pays state-mandated building usage fees which were withheld from MFP distributions. For the year ended June 30, 2024, the Organization recognized administration fee expense of \$309,956 related to these usage fees associated with its OPSB leases. See Note 7.

**Note 9. Restrictions on Assets**

Net assets with donor restrictions are restricted by donors for specific time periods or specific programs, purposes, or to assist specific departments of the Organization. These restrictions are considered to expire when payments for restricted purposes are made. There were no net assets with donor restrictions presented at June 30, 2024.

**Note 10. Commitments, Contingencies, and Risk Management**

The Organization's concentrations due to significant local, state, and federal funding make it reasonably possible that the Organization is vulnerable to the risk of a near-term significant impact.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near-term as a result of these conditions. See Note 2.

The Organization is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage during the year ended June 30, 2024 nor subsequent to year-end and through the date of the report.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 10. Commitments, Contingencies, and Risk Management (Continued)**

In the normal course of business, the Organization is periodically engaged in various legal proceedings incidental to its normal business activities. The resolution of such matters is not expected to have a material adverse effect on the Organization's financial position, statement of activities, or cash flows.

The Organization has a long-term employment agreement with its chief executive officer (CEO). The agreement includes a penalty provision should the CEO be terminated without cause. Under this provision, the remaining contract and benefits shall be paid through June 30, 2025. The agreement allows for various forms of compensation, including an annual salary, retirement contribution, automobile allowance, discretionary bonus, and other benefits. Annual total compensation under this agreement is expected to approximate \$240,000 to \$275,000. The agreement also requires a lump sum retirement payment of \$92,065 due by June 30, 2025. The agreement expires in June 2025 with an extension option through June 2027.

The Organization is currently in the process of evaluating liabilities and contingencies related to the closure of Lafayette Academy Charter School. Management has estimated that any unrecorded liabilities are not expected to be material to the Organization's financial statements.

**Note 11. Charter Management Organization (CMO) Fees and Intracompany Balances**

As the administrator of the schools, the Organization incurs and records overhead costs on behalf of all of its schools. Management of the Organization estimates an allocable amount of these costs to be charged to the schools on an annual basis using a predetermined rate and student head count. CMO fees allocated and charged to schools during the year ended June 30, 2024 have been eliminated from other income and management and general expenses on the accompanying statement of activities and changes in net assets.

The Organization records intracompany receivables and payables accumulated across its charter schools and the CMO. These amounts are recorded as intracompany receivables and intracompany payables. As of June 30, 2024, these amounts have been eliminated on the statement of financial position.

**Note 12. Liquidity and Availability**

The Organization's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of program expenditures. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources the Organization has available. In addition, the Organization operates within a budget to monitor sources and uses of funds throughout the year.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 12. Liquidity and Availability (Continued)**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash	\$ 3,233,933
Certificates of Deposit, Short-Term	1,584,116
Grants Receivable	<u>1,744,100</u>
<b>Total</b>	<b><u>\$ 6,562,149</u></b>

**Note 13. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 15, 2024, and determined that the following event occurred that requires disclosure.

On December 10, 2024, the OPSB voted to accept the OPSB superintendent's recommendation to approve an extension for Esperanza Charter School and Foundation Preparatory Charter School. Amended charter agreements and extension terms are in the process of being finalized. See Note 1.

No subsequent events occurring after December 15, 2024 have been evaluated for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Combining Statement of Financial Position by School**  
**For the Year Ended June 30, 2024**

	<b>Lafayette Academy Charter School</b>	<b>Esperanza Charter School</b>	<b>Foundation Preparatory Charter School</b>	<b>Community Academies</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>						
<b>Current Assets</b>						
Cash	\$ 607,947	\$ 1,111,661	\$ 829,944	\$ 684,381	\$ -	\$ 3,233,933
Certificates of Deposit, Short-Term				1,584,116	-	1,584,116
Grants Receivable	330,743	942,534	262,914	207,909	-	1,744,100
Prepaid Expenses	18,875	30,674	13,979	19,450	-	82,978
Other Receivables	-	-	664	-	-	664
Intracompany Receivables	20,906	2,921,435	102,949	1,789,819	(4,835,109)	-
<b>Total Current Assets</b>	<b>978,471</b>	<b>5,006,304</b>	<b>1,210,450</b>	<b>4,285,675</b>	<b>(4,835,109)</b>	<b>6,645,791</b>
<b>Property and Equipment</b>						
Furniture, Fixtures, and Equipment	-	2,226	16,419	4,441	-	23,086
Leasehold Improvements	165,684	190,185	152,556	-	-	508,425
Less: Accumulated Depreciation	(165,684)	(114,845)	(99,996)	(2,090)	-	(382,615)
<b>Net Property and Equipment</b>	<b>-</b>	<b>77,566</b>	<b>68,979</b>	<b>2,351</b>	<b>-</b>	<b>148,896</b>
<b>Other Assets</b>						
Certificates of Deposit, Long-Term	-	-	-	1,433,188	-	1,433,188
Operating Lease Right-Of-Use Assets	-	-	-	385,318	-	385,318
<b>Total Other Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,818,506</b>	<b>-</b>	<b>1,818,506</b>
<b>Total Assets</b>	<b>\$ 978,471</b>	<b>\$ 5,083,870</b>	<b>\$ 1,279,429</b>	<b>\$ 6,106,532</b>	<b>\$ (4,835,109)</b>	<b>\$ 8,613,193</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 105,668	\$ 255,196	\$ 143,140	\$ 115,819	\$ -	619,823
Accrued Expenses	(28,309)	79,747	36,778	85,494	-	173,710
Operating Lease Liabilities, Current Portion	-	-	-	385,318	-	385,318
Intracompany Payables	2,252,243	352,499	1,659,837	570,530	(4,835,109)	-
<b>Total Current Liabilities</b>	<b>2,329,602</b>	<b>687,442</b>	<b>1,839,755</b>	<b>1,157,161</b>	<b>(4,835,109)</b>	<b>1,178,851</b>
<b>Total Liabilities</b>	<b>2,329,602</b>	<b>687,442</b>	<b>1,839,755</b>	<b>1,157,161</b>	<b>(4,835,109)</b>	<b>1,178,851</b>
<b>Net Assets (Deficit)</b>						
Without Donor Restrictions	(1,351,131)	4,396,428	(560,326)	4,949,371	-	7,434,342
<b>Total Net Assets (Deficit)</b>	<b>(1,351,131)</b>	<b>4,396,428</b>	<b>(560,326)</b>	<b>4,949,371</b>	<b>-</b>	<b>7,434,342</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 978,471</b>	<b>\$ 5,083,870</b>	<b>\$ 1,279,429</b>	<b>\$ 6,106,532</b>	<b>\$ (4,835,109)</b>	<b>\$ 8,613,193</b>

See independent auditor's report.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Combining Statement of Activities and Changes in Net Assets by School**  
**For the Year Ended June 30, 2024**

	Lafayette Academy Charter School			Esperanza Charter School			Foundation Preparatory Charter School		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>									
State and Local Public School Funding									
Minimum Foundation Program	\$ 6,312,681	\$ -	\$ 6,312,681	\$ 6,988,926	\$ -	\$ 6,988,926	\$ 3,051,584	\$ -	\$ 3,051,584
Federal Grants	1,367,761	-	1,367,761	1,795,791	-	1,795,791	471,779	-	471,779
Federal School Lunch Program	472,964	-	472,964	591,182	-	591,182	292,913	-	292,913
State Grants	361,369	-	361,369	426,023	-	426,023	182,778	-	182,778
Private Grants and Contributions	2,328	-	2,328	50	-	50	2,000	-	2,000
Other Income	105,047	-	105,047	40,997	-	40,997	30,243	-	30,243
Interest Income	-	-	-	-	-	-	-	-	-
Intracompany Revenue, Charter Management Fees	-	-	-	-	-	-	-	-	-
<b>Total Support and Revenue</b>	<b>8,622,150</b>	<b>-</b>	<b>8,622,150</b>	<b>9,842,969</b>	<b>-</b>	<b>9,842,969</b>	<b>4,031,297</b>	<b>-</b>	<b>4,031,297</b>
<b>Expenses</b>	<b>8,660,726</b>	<b>-</b>	<b>8,660,726</b>	<b>10,044,425</b>	<b>-</b>	<b>10,044,425</b>	<b>4,312,541</b>	<b>-</b>	<b>4,312,541</b>
<b>Total Expenses</b>	<b>8,660,726</b>	<b>-</b>	<b>8,660,726</b>	<b>10,044,425</b>	<b>-</b>	<b>10,044,425</b>	<b>4,312,541</b>	<b>-</b>	<b>4,312,541</b>
<b>Change in Net Assets</b>	<b>(38,576)</b>	<b>-</b>	<b>(38,576)</b>	<b>(201,456)</b>	<b>-</b>	<b>(201,456)</b>	<b>(281,244)</b>	<b>-</b>	<b>(281,244)</b>
<b>Net Assets (Deficit), Beginning of Year</b>	<b>(1,312,555)</b>	<b>-</b>	<b>(1,312,555)</b>	<b>4,597,884</b>	<b>-</b>	<b>4,597,884</b>	<b>(279,082)</b>	<b>-</b>	<b>(279,082)</b>
<b>Net Assets (Deficit), End of Year</b>	<b>\$ (1,351,131)</b>	<b>\$ -</b>	<b>\$ (1,351,131)</b>	<b>\$ 4,396,428</b>	<b>\$ -</b>	<b>\$ 4,396,428</b>	<b>\$ (560,326)</b>	<b>\$ -</b>	<b>\$ (560,326)</b>

See independent auditor's report.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Combining Statement of Activities and Changes in Net Assets by School (Continued)**  
**For the Year Ended June 30, 2024**

	Community Academies			Eliminating			Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>									
State and Local Public School Funding									
Minimum Foundation Program	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,353,191	\$ -	\$ 16,353,191
Federal Grants	484,329	-	484,329	-	-	-	4,119,660	-	4,119,660
Federal School Lunch Program	-	-	-	-	-	-	1,357,059	-	1,357,059
Other State Funding	-	-	-	-	-	-	970,170	-	970,170
Private Grants and Contributions	6,246	-	6,246	-	-	-	10,624	-	10,624
Other Income	200	-	200	-	-	-	176,487	-	176,487
Interest Income	145,384	-	145,384	-	-	-	145,384	-	145,384
Intracompany Revenue, Charter Management Fees	4,937,977	-	4,937,977	(4,937,977)	-	(4,937,977)	-	-	-
<b>Total Support and Revenue</b>	<b>5,574,136</b>	<b>-</b>	<b>5,574,136</b>	<b>(4,937,977)</b>	<b>-</b>	<b>(4,937,977)</b>	<b>23,132,575</b>	<b>-</b>	<b>23,132,575</b>
<b>Expenses</b>	<b>5,572,055</b>	<b>-</b>	<b>5,572,055</b>	<b>(4,937,977)</b>	<b>-</b>	<b>(4,937,977)</b>	<b>23,651,770</b>	<b>-</b>	<b>23,651,770</b>
<b>Total Expenses</b>	<b>5,572,055</b>	<b>-</b>	<b>5,572,055</b>	<b>(4,937,977)</b>	<b>-</b>	<b>(4,937,977)</b>	<b>23,651,770</b>	<b>-</b>	<b>23,651,770</b>
<b>Change in Net Assets</b>	<b>2,081</b>	<b>-</b>	<b>2,081</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(519,195)</b>	<b>-</b>	<b>(519,195)</b>
<b>Net Assets, Beginning of Year</b>	<b>4,947,290</b>	<b>-</b>	<b>4,947,290</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,953,537</b>	<b>-</b>	<b>7,953,537</b>
<b>Net Assets, End of Year</b>	<b>\$ 4,949,371</b>	<b>\$ -</b>	<b>\$ 4,949,371</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,434,342</b>	<b>\$ -</b>	<b>\$ 7,434,342</b>

See independent auditor's report.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Schedule of Board of Directors**  
**For the Year Ended June 30, 2023**

<b>Board Members</b>	<b>Compensation</b>
Brooke Wyatt, Chair	\$ -0-
Adrienne Celestine, Vice Chair	\$ -0-
Hans Jonassen, Treasurer	\$ -0-
Scott Champagne	\$ -0-
Nicole Jolly, Secretary	\$ -0-
Patricia Christovich	\$ -0-
Alysson Mills	\$ -0-
Ashleigh Netter	\$ -0-
Margo Phelps	\$ -0-

See independent auditor's report.



**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Schedule of Compensation, Benefits and Other Payments**  
**to Agency Head**  
**For the Year Ended June 30, 2023**

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**Agency Head**

Myrialis King, Chief Executive Officer

<b>Purpose</b>	<b>Amount</b>
Salary	\$205,620
Benefits - Insurance	\$9,143
Benefits - Retirement	\$10,541
Benefits - Other	\$0
Car Allowance	\$12,000
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$504
Travel	\$13,885
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Directors  
Community Academies of New Orleans, Inc.  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Academies of New Orleans, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2024.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 the Organization'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 with the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

Covington, LA  
December 15, 2024

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

Independent Auditor's Report

To the Board of Directors  
Community Academies of New Orleans, Inc.  
New Orleans, Louisiana

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

***Opinion on Each Major Federal Program***

We have audited Community Academies of New Orleans, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



A Professional Accounting Corporation

Covington, LA  
December 15, 2024

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

<b>Federal Grantor/Pass-Through Grantor Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Expenditures</b>
<b><u>United States Department of Agriculture</u></b>			
Passed through the Louisiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	NONE	\$ 86,251
National School Lunch Program	10.555	NONE	1,206,445
Total Child Nutrition Cluster			1,292,696
Commodity Supplemental Food Program	10.565	NONE	63,180
<b>Total United States Department of Agriculture</b>			<b>1,355,876</b>
<b><u>United States Department of Education</u></b>			
Passed through the Louisiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010A	S010A230018	1,013,192
Total Title I, Part A			1,013,192
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA Part B)	84.027A	H027A230033	361,138
Special Education - High Cost Services (IDEA Part B)	84.027A	H027A220033	32,159
Special Education - Preschool Grants (IDEA Preschool)	84.173A	H173A230082	9,677
Total Special Education Cluster (IDEA)			402,974
Title III			
Title III English Language Acquisition State Grants	84.365A	S365A230018	50,541
Title III - Immigrant - English Language Acquisition State Grants	84.365A	S365A220018	37,992
Total Title III			88,533
Title II Supporting Effective Instruction State Grants	84.367A	S367A230017	72,385
Title IV Student Support and Academy Enrichment	84.424A	S424A230019	65,686
COVID-19 - Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund, II - Formula	84.425D	S425D210003	150,223
Elementary and Secondary School Emergency Relief Fund, III - Formula	84.425D	S425D210003	1,424,255
Total COVID-19 - Education Stabilization Fund			1,574,478
Passed through New Schools for New Orleans			
Teacher and School Leader Incentive Program	84.374A	S374A210033 - 22	902,412
<b>Total United States Department of Education</b>			<b>4,119,660</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 5,475,536</b>

\* Denotes Major Program

See notes to schedule of expenditures of federal awards

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

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**Note 1. General**

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of the federal awards of Community Academies of New Orleans, Inc. (the Organization). The Organization's reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2024. All federal awards received from federal agencies are included on the schedule.

**Note 2. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Organization has met the qualifications for the respective grants.

**Accrued Reimbursement**

Various reimbursement procedures are used for federal awards received by the Organization. Consequently, timing differences between expenditures and program reimbursements may exist at the beginning and end of the year. Any accrued balances at year-end represent an excess of reimbursable expenditures over reimbursements received.

**Note 3. Indirect Cost Rates**

The Organization utilized a preapproved indirect cost rate of approximately 8% on the Teacher and School Leader Incentive Program. The Organization did not record any other expenditures related to indirect cost rate calculations nor any 10% de minimis cost rate calculations in its schedule of expenditures of federal awards as there were no indirect cost rates utilized as part of the federal grant activity.

**Note 4. Program Income and Reconciliation to Statement of Activities**

Program income related to income from meals totaling \$1,183 is included in Federal School Lunch Program on the statement of activities and changes in net assets.



**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

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**Part I - Summary of Auditor's Results**

**Financial Statement Section**

- |                                                                                     |            |
|-------------------------------------------------------------------------------------|------------|
| 1. Type of auditor's report                                                         | Unmodified |
| 2. Compliance and internal control over financial reporting                         |            |
| a. Material weaknesses identified?                                                  | None       |
| b. Significant deficiencies identified not considered<br>to be material weaknesses? | None       |
| c. Noncompliance noted?                                                             | None       |

**Federal Awards Section**

- |                                                                                          |            |
|------------------------------------------------------------------------------------------|------------|
| 3. Type of auditor's report issued on compliance for major programs                      | Unmodified |
| 4. Internal control over major programs                                                  |            |
| a. Material weaknesses identified?                                                       | None       |
| b. Significant deficiencies identified not considered<br>to be material weaknesses?      | None       |
| 5. Audit findings disclosed that are required in accordance with<br>the Uniform Guidance | None       |
| 6. Identification of major programs                                                      |            |
| 10.553, 10.555 - Child Nutrition Cluster                                                 |            |
| 84.010 - Title I, Part A                                                                 |            |
| 84.374A - Teacher and School Leader Incentive Program                                    |            |
| 7. Dollar threshold used to distinguish between Type A and B programs                    | \$750,000  |
| 8. Auditee qualified as a low-risk auditee under the Uniform Guidance                    | Yes        |

**Part II - Financial Statement Findings Section**

None.

**Part III - Federal Award Findings and Questioned Costs Section**

None.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Summary Schedule of Prior Year Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

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**Part I - Financial Statement Findings Section**

None.

**Part II - Federal Award Findings and Questioned Costs Section**

None.

**COMMUNITY ACADEMIES  
OF NEW ORLEANS, INC.  
NEW ORLEANS, LOUISIANA**

Agreed-Upon Procedures  
R.S. 24:514 - Performance and Statistical Data

June 30, 2024



<b>Contents</b>	<b>Schedule</b>	<b>Page</b>
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<b>Schedules Required by Louisiana State Law (R.S. 24:514 - Performance and Statistical Data)</b>		4
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	1	5
Class Size Characteristics	2	6

## **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
Community Academies of New Orleans, Inc.  
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Community Academies of New Orleans, Inc. (the Organization) for the fiscal year ended June 30, 2024; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the Organization is responsible for its performance and statistical data.

The Organization 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 performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their 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:

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

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

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

**Findings:** One transaction was found to be classified incorrectly. No other exceptions identified.

#### 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<sup>st</sup> roll books for those classes and observed that the class was properly classified on the schedule.

**Findings:** No exceptions identified.

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

3. We obtained October 1<sup>st</sup> PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing 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.

**Findings:** No exceptions identified.

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

4. We obtained June 30<sup>th</sup> PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and 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).

**Findings:** No exceptions identified.

We were engaged by the Organization 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 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 engagement, 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.

We are required to be independent of the Organization 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 the performance and statistical data accompanying the annual financial statements of the Organization, 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.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

Covington, LA  
December 19, 2024

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Schedules Required by Louisiana State Law**  
**(R.S. 24:514 - Performance and Statistical Data)**  
**As of and For the Year Ended June 30, 2024**

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**Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources**

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

**Schedule 2 - Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1 - 20, 21 - 26, 27 - 33, and 34+ students.



**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**General Fund Instructional and Support Expenditures**  
**and Certain Local Revenue Sources**  
**For the Year Ended June 30, 2024**

**Schedule 1**

**General Fund Instructional and Equipment Expenditures**

**General Fund Instructional Expenditures**

Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 3,929,141	
Other Instructional Staff Activities	794,199	
Instructional Staff Employee Benefits	774,796	
Purchased Professional and Technical Services	95,161	
Instructional Materials and Supplies	299,871	
Instructional Equipment	-	
<b>Total Teacher and Student Interaction Activities</b>		\$ 5,893,168
Other Instructional Activities	42,676	
Pupil Support Services	916,773	
Less: Equipment for Pupil Support Services	(2,646)	
<b>Net Pupil Support Services</b>		914,127
Instructional Staff Services	738,189	
Less: Equipment for Instructional Staff Services	-	
<b>Net Instructional Staff Services</b>		738,189
School Administration	1,428,019	
Less: Equipment for School Administration	-	
<b>Net School Administration</b>		1,428,019
<b>Total General Fund Instructional Expenditures</b>		<u>\$ 8,973,503</u>
<b>Total General Fund Equipment Expenditures</b>		<u>\$ 2,646</u>

**Certain Local Revenue Sources**

**Local Taxation Revenue**

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

**Local Earnings on Investment in Real Property**

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

**State Revenue in Lieu of Taxes**

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

Nonpublic Textbook Revenue	<u>\$ -</u>
Nonpublic Transportation Revenue	<u>\$ -</u>

See independent accountant's report on applying agreed-upon procedures.

**COMMUNITY ACADEMIES OF NEW ORLEANS, INC.**  
**NEW ORLEANS, LOUISIANA**  
**Class Size Characteristics**  
**As of October 1, 2023**

**Schedule 2**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	33%	41	31%	38	36%	45	0%	-
Elementary Activity Classes	27%	13	35%	17	38%	18	0%	-
Middle/Jr. High	19%	25	48%	60	33%	41	0%	-
Middle/Jr. High Activity Classes	14%	7	47%	24	39%	20	0%	-

See independent accountant's report on applying agreed-upon procedures.

## **AGREED-UPON PROCEDURES REPORT**

Community Academies of New Orleans

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

**For the Period July 1, 2023 - June 30, 2024**

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

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

The Organization 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 the LLA's SAUPs for the fiscal year July 1, 2023 through June 30, 2024. Additionally, the 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 results are as follows:

### **1) *Written Policies and Procedures***

---

- A. 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:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - ii. **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.
  - iii. **Disbursements**, including processing, reviewing, and approving.

- iv. **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).
- v. **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 rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase 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).
- ix. **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.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **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.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

**Results:** We obtained and inspected the entity's written policies and procedures over the above categories. We noted that the Organization's written policies and procedures over contracting and ethics did not address all required subcategories. The Organization documented compensating controls over legal review for its contracts, including a contract template reviewed by an attorney, an attorney as a board chair to review contracts, and an attorney as an agency head to review contracts. The Organization documented compensating controls over ethics monitoring in that the Organization's Human Resource department e-mails reminders and notifications to complete the annual training, and the Human Resources annual meeting to present policy updates. No other exceptions noted.

## 2) **Board or Finance Committee**

---

- A. 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:
- i. 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.
  - ii. 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. *Alternatively, for those entities reporting on the not-for-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.*
  - iii. 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.
  - iv. 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 identified.

## 3) **Bank Reconciliations**

---

- A. 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:
- i. 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);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
  - iii. 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 identified.

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

---

- A. 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).

**Results:** The Organization has determined that this procedure is not applicable as the Organization does not receive any public funds in the form of cash, checks, or money orders.

- B. 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 (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then 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:

- i. Employees responsible for cash collections do not share cash drawers/registers;
- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
- iii. Each employee responsible for collecting cash is not also 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; and
- iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

**Results:** The Organization has determined that this procedure is not applicable as the Organization does not receive any public funds in the form of cash, checks, or money orders.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

**Results:** No exceptions identified.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (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). *Alternatively, 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:

- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual deposit per the bank statement.

- iv. 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 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

**Results:** The Organization has determined that this procedure is not applicable as the Organization does not receive any public funds in the form of cash, checks, or money orders.

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

---

- A. 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).

**Results:** No exceptions identified.

- B. For each location selected under procedure #5A 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, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;
  - iii. 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;
  - iv. 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; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

**Results:** No exceptions identified.

- C. For each location selected under procedure #5A 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:
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

**Results:** No exceptions identified.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, 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 (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

**Results:** No exceptions identified.

## **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

---

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase 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.

**Results:** No exceptions identified.

- B. 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:
- i. 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 (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
  - ii. Observe that finance charges and late fees were not assessed on the selected statements.

**Results:** Late charges were assessed on one of the statements selected for testing. No other exceptions identified.

- C. Using the monthly statements or combined statements selected under procedure #6B 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 (e.g., each card should have 10 transactions subject to inspection). 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). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

**Results:** Totals per receipt did not agree to statement charge for two transactions selected for testing. No other exceptions identified.



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

- A. 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 and 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:
- i. If reimbursed using a per diem, observe that 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));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. 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 Policies and Procedures procedure #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** No exceptions identified.

## **8) Contracts**

- A. 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. *Alternatively, 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:
- i. 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;
  - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
  - iii. If the contract was amended (e.g., change order), observe that 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, the documented approval); and
  - iv. 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.

**Results:** No exceptions identified.

## 9) *Payroll and Personnel*

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- A. 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.

**Results:** No exceptions identified.

- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and:
- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe whether the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

**Results:** No exceptions identified.

- C. 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 and 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's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

**Results:** No exceptions identified.

- D. 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 identified.

## 10) *Ethics*

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and:
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

- ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

**Results:** No exceptions identified.

- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

**Results:** No exceptions identified.

### ***11) Debt Service***

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- A. 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 that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. 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:** The Organization has determined that these procedures are not applicable.

### ***12) Fraud Notice***

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- A. 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 as required by R.S. 24:523.

**Results:** No exceptions identified.

- B. 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.

**Results:** No exceptions identified.

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

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- A. Perform the following procedures, **verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”**
- i. Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if there is no written documentation, then 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.
  - ii. Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - iii. 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.

**Results:** We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Results:** We performed the procedure and discussed the results with management.

- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency’s information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
- i. Hired before June 9, 2020 - completed the training; and
  - ii. Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

**Results:** The Organization has determined that this procedure is not applicable.

#### **14) Prevention of Sexual Harassment**

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

**Results:** The Organization has determined that this procedure is not applicable.

- B. Observe that 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).

**Results:** The Organization has determined that this procedure is not applicable.

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1<sup>st</sup>, and observe that the report includes the applicable requirements of R.S. 42:344:

- i. Number and percentage of public servants in the agency who have completed the training requirements;
- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

**Results:** The Organization has determined that this procedure is not applicable.

We were engaged by the Organization 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 Organization 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 on those C/C areas identified in Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures, and the results 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.

A handwritten signature in cursive script, appearing to read "LaForte".

A Professional Accounting Corporation

Covington, LA  
December 15, 2024