

SUCCESS PREPARATORY ACADEMY

FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018



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SUCCESS PREPARATORY ACADEMY
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JUNE 30, 2019

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Report



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Success Preparatory Academy
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Success Preparatory Academy (Success Prep) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Success Prep as of June 30, 2019 and 2018, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, management has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of agency head compensation is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of 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.

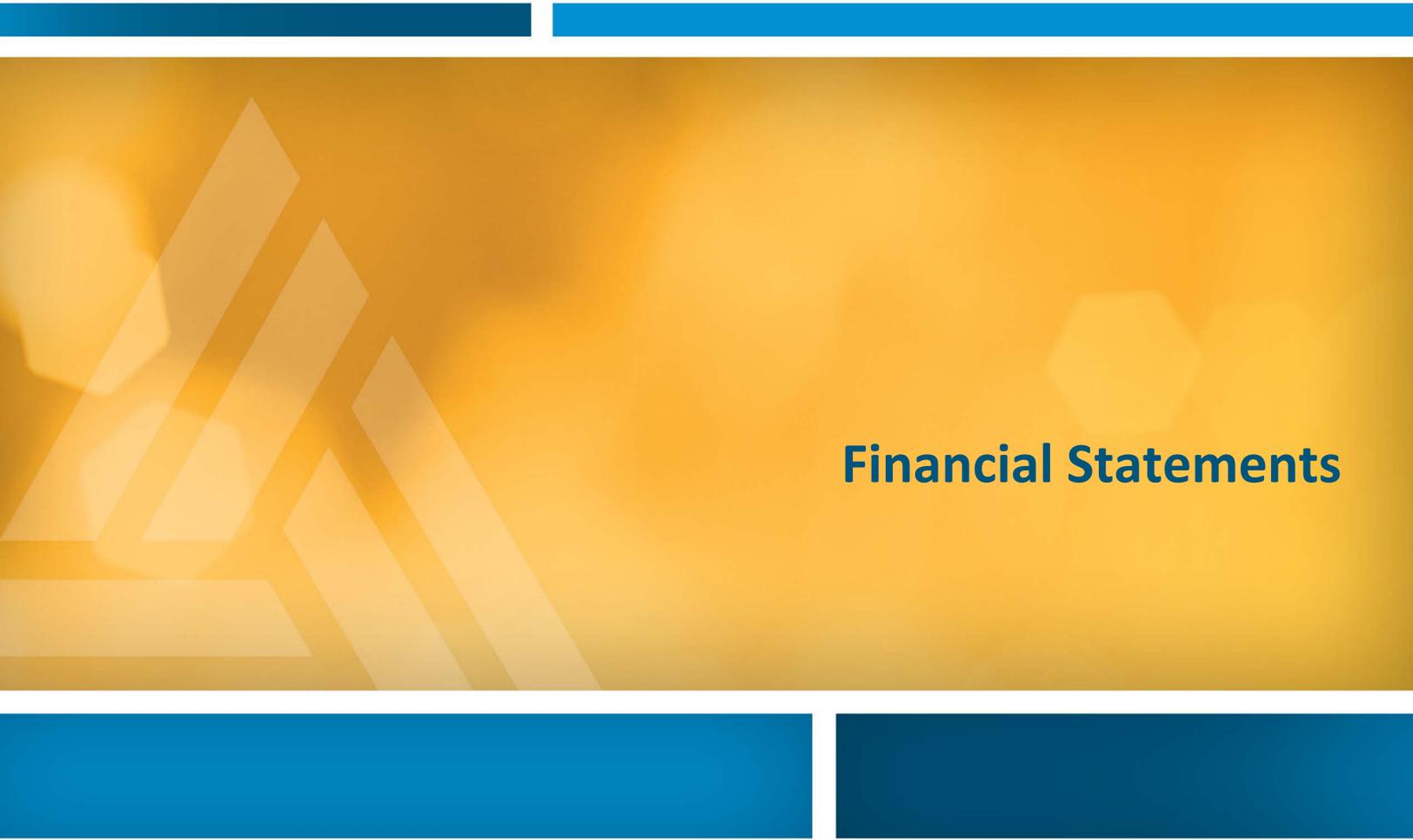
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of Success Prep'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 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 Success Prep's internal control over financial reporting and compliance.

Caru, Riggs & Ingram, L.L.C.

December 18, 2019



Financial Statements

**SUCCESS PREPARATORY ACADEMY
STATEMENTS OF FINANCIAL POSITION**

<i>As of June 30,</i>	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,104,321	\$ 869,114
Grants and other receivables	217,351	291,392
Prepaid expenses	76,587	69,514
Total Current Assets	1,398,259	1,230,020
EQUIPMENT, Net	3,301	4,317
NONCURRENT ASSETS		
Deposits	7,122	43,512
Total Noncurrent Assets	7,122	43,512
TOTAL ASSETS	\$ 1,408,682	\$ 1,277,849
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued expenses	\$ 43,188	\$ 107,412
Accounts payable	90,630	89,672
Total Current Liabilities	133,818	197,084
NET ASSETS		
Without donor restrictions	1,211,264	1,048,528
With donor restrictions	63,600	32,237
Total Net Assets	1,274,864	1,080,765
TOTAL LIABILITIES AND NET ASSETS	\$ 1,408,682	\$ 1,277,849

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

**SUCCESS PREPARATORY ACADEMY
STATEMENT OF ACTIVITIES**

<i>For the year ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants			
Federal	\$ 1,312,543	\$ 32,592	\$ 1,345,135
State	12,094	-	12,094
Other	92,536	-	92,536
State and local Minimum Foundation Program	4,552,035	-	4,552,035
Donations and contributions	13,251	39,500	52,751
Miscellaneous revenue	66,219	-	66,219
Net assets released from restrictions	40,729	(40,729)	-
Total Revenue and Support	6,089,407	31,363	6,120,770
EXPENSES			
Program services	4,222,080	-	4,222,080
Supporting services:			
Management and general	1,704,591	-	1,704,591
Total Expenses	5,926,671	-	5,926,671
CHANGE IN NET ASSETS	162,736	31,363	194,099
NET ASSETS, Beginning of year	1,048,528	32,237	1,080,765
NET ASSETS, End of year	\$ 1,211,264	\$ 63,600	\$ 1,274,864

The accompanying footnotes are an integral part of this financial statement.

**SUCCESS PREPARATORY ACADEMY
STATEMENT OF ACTIVITIES**

<i>For the year ended June 30, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants			
Federal	\$ 1,178,670	\$ -	\$ 1,178,670
State	4,275	-	4,275
Other	172,163	-	172,163
State and local Minimum Foundation Program	4,612,266	-	4,612,266
Donations and contributions	160,159	-	160,159
Miscellaneous revenue	52,921	-	52,921
Net assets released from restrictions	2,520	(2,520)	-
Total Revenue and Support	6,182,974	(2,520)	6,180,454
EXPENSES			
Program services	4,763,913	-	4,763,913
Supporting services:			
Management and general	2,092,552	-	2,092,552
Total Expenses	6,856,465	-	6,856,465
CHANGE IN NET ASSETS	(673,491)	(2,520)	(676,011)
NET ASSETS, Beginning of year	1,722,019	34,757	1,756,776
NET ASSETS, End of year	\$ 1,048,528	\$ 32,237	\$ 1,080,765

The accompanying footnotes are an integral part of this financial statement.

**SUCCESS PREPARATORY ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES**

<i>For the year ended June 30, 2019</i>	Program Services	Supporting Services <u>Management and General</u>	Total
Salaries and benefits	\$ 2,709,468	\$ 914,671	\$ 3,624,139
Professional services	384,512	116,406	500,918
Bus service	-	476,250	476,250
Food service	355,636	-	355,636
Purchased property services	305,947	9,716	315,663
Supplies	214,533	17,568	232,101
Utilities	93,508	2,970	96,478
Textbooks	92,713	-	92,713
Dues and fees	222	85,910	86,132
Insurance	37,194	13,686	50,880
Travel	27,317	1,518	28,835
Printing	-	24,386	24,386
Miscellaneous	-	18,358	18,358
Telephone and postage	14	12,822	12,836
Advertising	-	10,330	10,330
Depreciation	1,016	-	1,016
TOTAL EXPENSES	\$ 4,222,080	\$ 1,704,591	\$ 5,926,671

The accompanying footnotes are an integral part of this financial statement.

SUCCESS PREPARATORY ACADEMY STATEMENT OF FUNCTIONAL EXPENSES

<i>For the year ended June 30, 2018</i>	Program Services	Supporting Services <u>Management and General</u>	Total
Salaries and benefits	\$ 3,238,348	\$ 1,122,767	\$ 4,361,115
Bus service	-	566,268	566,268
Professional services	381,594	146,744	528,338
Food service	452,808	-	452,808
Purchased property services	348,640	11,072	359,712
Supplies	192,403	19,731	212,134
Dues and fees	31,768	95,078	126,846
Utilities	63,402	2,014	65,416
Insurance	36,230	5,955	42,185
Advertising	-	38,624	38,624
Printing	-	32,234	32,234
Telephone and postage	267	28,819	29,086
Miscellaneous	-	17,248	17,248
Travel	8,986	5,998	14,984
Textbooks	8,705	-	8,705
Depreciation	762	-	762
TOTAL EXPENSES	\$ 4,763,913	\$ 2,092,552	\$ 6,856,465

The accompanying footnotes are an integral part of this financial statement.

**SUCCESS PREPARATORY ACADEMY
STATEMENTS OF CASH FLOWS**

<i>As of June 30,</i>	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 194,099	\$ (676,011)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	1,016	762
Changes in operating assets and liabilities:		
Grants and other receivables	74,041	176,813
Prepaid expenses	(7,073)	28,240
Deposits	36,390	5,443
Accrued expenses	(64,224)	(31,986)
Accounts payable	958	(23,460)
Net cash provided by (used by) operating activities	235,207	(520,199)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(5,079)
Net cash used in investing activities	-	(5,079)
NET CHANGE IN CASH AND CASH EQUIVALENTS	235,207	(525,278)
CASH AND CASH EQUIVALENTS, Beginning of year	869,114	1,394,392
CASH AND CASH EQUIVALENTS, End of year	\$ 1,104,321	\$ 869,114

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

SUCCESS PREPARATORY ACADEMY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Success Preparatory Academy (Success Prep) (a nonprofit organization) was incorporated in the Fall of 2008 for the purpose of operating a transformation charter school in New Orleans, Louisiana. Success Prep was created to develop college bound students for leadership and lifelong learning. The State Board of Elementary and Secondary Education (BESE) granted Success Prep a Type 5 charter to operate Success Preparatory Academy in December 2008. In June 2014, a new charter was issued by the Department of Education, extending through June 2019.

As of June 30, 2019, the Orleans Parish School Board (OPSB) granted Success Prep a Type 3B charter to operate Success Preparatory Academy for five year through June 30, 2024.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Under FASB, Success Prep is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restriction – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising donations or contributions, and performing administrative functions.

Net Assets With Donor Restriction – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. As of June 30, 2019 and 2018, net assets with donor restriction was \$63,600 and \$32,237, respectively.

Use of Estimates

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

SUCCESS PREPARATORY ACADEMY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

Grants and Other Receivables and Allowance for Doubtful Accounts

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance. At June 30, 2019 and 2018, management did not deem any receivables to be uncollectible; therefore no allowance was recorded.

Equipment

Success Prep's policy is to capitalize equipment over \$5,000 with a useful life greater than one year. Lesser amounts are expensed. Purchased equipment is capitalized at cost. Donated property and equipment is recorded at estimated fair market value as of the date received.

Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset. The useful life of equipment ranges from three to seven years.

Impairment of Long-Lived Assets

Success Prep reviews long-lived assets, consisting of equipment and cost in excess of net income acquired, for impairment and determines whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. Success Prep determines recoverability of assets by comparing the carrying value of the asset to the net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded during 2019 or 2018.

Net Assets With and Without Donor Restriction

Donations that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire (that is, a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted donations are reported as increases in net assets with donor restriction, depending on the nature of the restriction.

SUCCESS PREPARATORY ACADEMY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction. As of June 30, 2019, net assets with donor restriction consisted of \$31,008 for Ben Blanchard Grant and \$32,592 for Child Nutrition Program, both purpose restricted. As of June 30, 2018, net assets with donor restriction consisted of \$32,237 for Ben Blanchard Grant that is purpose restricted.

Public Support and Revenue

Success Prep's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund and the OPSB. For the year ended June 30, 2019, the School received \$3,484 from the State and \$5,692 from the OPSB per eligible student in attendance at the official pupil count date of October 1, 2018. MFP revenue accounts for 74% and 75% of Success Prep's total revenue for the years ended June 30, 2019 and 2018, respectively. Federal grants are on a cost reimbursement basis and accounted for 22% and 19% of Success Prep's total revenue for the years ended June 30, 2019 and 2018, respectively.

Functional Expenses

As required under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958), Success Prep has presented statements of functional expense as part of its audited financial statements. The financial statements of Success Prep report certain categories of expenses that are attributable to more than one program or supporting function. The majority of expense are allocated based on actual time and effort. However, insurance, repairs and maintenance, disposal services, IT services, utilities, and depreciation require allocation based on the square footage of the building.

Income Tax Status

Success Prep is a Louisiana nonprofit organization under Section 509(a)(3) of the Internal Revenue code that has been granted an exemption from the payment of income taxes under Section 501(c)(3) and has been determined to be other than a private foundation. Success Prep's management believes that Success Prep continues to operate in a manner that preserves its tax exempt status.

New Accounting Pronouncement

Effective July 1, 2018, Success Prep adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Success Prep has adjusted the presentation of its financial statements accordingly. The new standard changes the following aspect of Success Prep's financial statements:

SUCCESS PREPARATORY ACADEMY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement (Continued)

- The temporarily restricted and permanently restricted net assets have been combined into a single net asset class called net assets with donor restriction.
- The unrestricted net asset class has been renamed net assets without donor restriction
- The financial statements include a new disclosure about liquidity and availability of resources (Note 2).
- The statement of functional expense are allocated by both nature and function and expanded disclosures are provided on the basis of allocations (Note 1).

The changes have the following effect on net assets at June 30, 2018 (after restatement):

	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 1,048,528	\$ -
Temporarily restricted net assets	32,237	-
Net assets without donor restriction	-	1,048,528
Net assets with donor restriction	-	32,237

Future Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. These amendments are effective for the fiscal year ending June 30, 2020. Early adoption with certain restrictions is permitted. Success Prep is currently evaluating the impact of the guidance on its financial statements.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): *Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the consolidated statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. This amendment is effective for the fiscal year ending June 30, 2020. Success Prep is currently evaluating the impact of the guidance on its financial statements.

SUCCESS PREPARATORY ACADEMY NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Accounting Pronouncements (Continued)

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Organization serves as a resource recipient for the fiscal year ending June 30, 2020. Early adoption is permitted. Success Prep is currently evaluating the impact of the guidance on its financial statements.

A variety of proposed or otherwise potential accounting standards are currently under review and study by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, Success Prep has not yet determined the effect, if any, that the implementation of any such proposed or revised standards would have on its financial statements.

Reclassifications

Certain reclassification to financial statement line-items have been made to the 2018 financial statements in order to conform to the 2019 presentation.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Success Prep has \$1,321,672 of financial assets available within one year of the statement of financial position date consisting of cash of \$1,104,321 and grants and other receivables of \$217,351. Financial assets of \$63,600 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Success Prep has a goal to maintain financial assets, consisting of cash on hand, to meet 30 days of operating expenses. Management estimates 30 days of operating expenses to be \$493,000 and believes it has appropriate available financial resources as of June 30, 2019. As part of its liquidity management, Success Prep maintains cash accounts at a local bank which pays interest on the balances maintained.

NOTE 3 – CASH AND CASH EQUIVALENTS

Success Prep maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended June 30, 2019 and 2018. At June 30, 2019 and 2018, Success Prep's cash deposits exceeded the Federal Deposit Insurance Corporation limits by \$854,321 and \$857,412 respectively, does not believe it is exposed to risk.

**SUCCESS PREPARATORY ACADEMY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 4 – EQUIPMENT

Equipment is as follows as of June 30, 2019 and 2018:

	2019	2018
Equipment	\$ 5,079	\$ 5,079
Less: accumulated depreciation	(1,778)	(762)
Equipment, net	\$ 3,301	\$ 4,317

For the years ended June 30, 2019 and 2018, Success Prep had \$1,016 and \$762, respectively, in depreciation expense.

NOTE 5 – GRANTS AND OTHER RECEIVABLES

Grants and other receivables are deemed to be fully collectible by management and were comprised of the following as of June 30, 2019 and 2018:

	2019	2018
High Cost Services	\$ 17,867	\$ 32,658
National School Lunch Program	31,246	54,581
SRTS	-	11,718
8G	-	3,975
IDEA B	16,757	29,413
IDEA Pre-School	343	-
Preschool Expansion	-	8,347
Teacher Incentive Fund	29,815	15,482
Title I - School Improvement Grant	81,137	104,451
Title II	10,856	8,657
Title III	8,581	5,822
Title IV	6,319	-
DSS	6,508	-
Redesign	6,853	-
Grants receivable	216,683	275,104
Other receivables	668	16,288
Total Grants and Other Receivables	\$ 217,351	\$ 291,392

SUCCESS PREPARATORY ACADEMY NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 – RETIREMENT PLANS

Substantially all employees of Success Prep are members of an employer sponsored Safe Harbor 401(k) plan. Covered employees may elect to contribute a portion of their salaries to the plan. Success Prep's matching contribution to the plan equals 100% of the salary deferral contributions that the employee makes up to the first 4% of the participant's compensation. Participants are immediately vested in both employee and employer contributions. Success Prep made contributions to plan of \$72,212 and \$80,190 for the years ended June 30, 2019 and 2018, respectively.

NOTE 7 – COMPENSATED ABSENCES

Academic Year Employees

All academic year employees (teachers, interventionists, therapists, teaching assistants, and paraprofessionals) are granted four (4) sick days and three (3) personal days at the beginning of each year. These days are to be used in case of illness or any other reason an employee needs a day off. If an employee starts in the second half of the school year (January through June), personal leave/sick days are pro-rated to half the normal amount. Unused sick days will not roll forward at the end of the year (June 30th) and may not be redeemed for additional compensation at the end of the year or upon termination of employment. Personal days may be carried forward into future years but may not be redeemed for additional compensation or upon termination of employment.

Year-Round Staff

Year-round staff (operations staff and the school leadership team) work throughout the year and observe all school holidays, in addition to Memorial Day and Fourth of July during the summer. Like academic year employees, all year-round Success Prep employees are granted four (4) sick days and three (3) personal days at the beginning of each year, subject to the same terms as those for academic year employees.

NOTE 8 – LEASE AND USE AGREEMENTS

Lease with RSD

Success Prep had entered into a rent-free lease agreement with the State of Louisiana Department of Education, Recovery School District (the "RSD") for the period from July 1, 2014 through June 30, 2019 for the use of Albert D. Wicker Elementary main buildings, cafeteria and grounds as school facilities. The RSD had reserved the right to impose rent in subsequent years. The amount of the rent-free lease, which is recorded as an in-kind donation, valued based on a schedule included in the signed lease agreement indicating fees that would be charged to nonprofit organizations for rental of the building totaling \$94,900 for the year ended June 30, 2018. Success Prep was responsible for the payment of utilities, janitorial, disposal services, and property taxes.

SUCCESS PREPARATORY ACADEMY NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – LEASE AND USE AGREEMENTS (CONTINUED)

The lease agreement stated the RSD may move Success Prep at any time as long as the RSD provides another facility deemed reasonable, taking into consideration such factors as building capacity, design alignment with grade levels served by Success Prep, projected enrollment, program specific needs, and community needs.

Use Agreement with OPSB

In May 2018, Success Prep agreed to move in August 2018 to the Thurgood Marshall school building on Canal St. as part of the Recovery School District/Orleans Parish School Board Master Plan. A new lease between Success Prep and Orleans Parish School Board (OPSB) was signed for the July 1, 2018 to June 30, 2019 school year with an option to renew for an additional year.

Effective July 1, 2018, Success Prep signed an operating agreement with the Orleans Parish School Board (OPSB), which allows Success Prep to use the facilities and contents located at 4621 Canal St., New Orleans, Louisiana 70119 or any other locations that may be approved by Success Prep and the OPSB. The agreement may be renewed for a period of one year at the option of the OPSB. For the use of the facilities, the School reimburses property insurance costs to the OPSB.

Success Prep is responsible for all necessary maintenance to ensure that the facility complies with all state and local health and safety standards and other applicable laws, regulations, and rules. Success Prep's maintenance obligation has a cap of \$10,000. If capital improvements are made by Success Prep with non-public funds to any site which it operates, and the charter contract is revoked or terminated, Success Prep will be reimbursed for the fair market value of such capital improvements. Assets purchased with public funds or obtained from public sources will automatically revert to the OPSB at the time the agreement is terminated. Success Prep must maintain records of any assets acquired with private funds that will remain the property of the School.

In consideration of the use of the property, a use fee is calculated as a per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management, and flood insurance of all OPSB-controlled school facilities, including any insurance brokerage fee, unrelated to recovery of the capital costs or depreciation that would be recovered in a traditional lease relationship. The use fee is calculated and invoiced annually and paid by Success Prep in equal installments over a 12-month fiscal year, through deduction from Success Prep's monthly MFP allocation, commencing on July 1, 2018. The use fee may be adjusted annually based on the increase or decrease in the actual cost of property, boiler and machinery, terrorism, disaster management, and flood insurance, or the number of students enrolled, thus future rental amounts are not readily determinable. For the year ended June 30, 2019, usage fees paid to OPSB was \$50,327 and is included in purchased property services on the statement of functional expense.

As of June 30, 2019, the lease between Success Prep and OPSB was extended for the period July 1, 2019 through June 30, 2021 with an option to renew for an additional year.

SUCCESS PREPARATORY ACADEMY NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – OPERATING LEASES

Success Prep has entered into operating leases for the rental of copiers and printers. The leases are for forty-eight (48) months. Rental payments under these leases were \$20,680 and \$21,099 for the years ended June 30, 2019 and 2018, respectively. Future minimum commitments under the operating lease agreements are as follows:

<i>Year Ending June 30,</i>	Amount
2020	\$ 5,351
2021	3,645
2022	911
	<hr/>
	\$ 9,907

NOTE 10 – UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require Success Prep's management to evaluate tax positions taken by Success Prep and recognize a tax liability if Success Prep has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Success Prep's management has analyzed the tax positions taken by Success Prep, and has concluded that as of June 30, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. Success Prep is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

NOTE 11 – SIGNIFICANT CONCENTRATIONS

For the years ended June 30, 2019 and 2018, Success Prep received approximately 22% and 19%, respectively, of its total revenue from federal sources and approximately 74% and 79%, respectively, of its total revenue from state and local public school funds and other state and local sources.

NOTE 12 – CONTINGENCIES

State Funding – The continuation of Success Prep is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.



SUCCESS PREPARATORY ACADEMY NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 – CONTINGENCIES (CONTINUED)

At June 30, 2019 and 2018, Success Prep was not a defendant or co-defendant in any lawsuits arising from the normal course of operations.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 18, 2019, the date the financial statements were available to be issued. No events material to the financial statements, except as noted below, have been noted for disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

As of June 30, 2019, the lease between Success Prep and OPSB was extended for the period July 1, 2019 through June 30, 2021 with an option to renew for an additional year.



Supplementary Information

**SUCCESS PREPARATORY ACADEMY
SCHEDULE OF AGENCY HEAD COMPENSATION
FOR THE YEAR ENDED JUNE 30, 2019**

Agency Head Name: Adam Meinig, Executive Director

PURPOSE	AMOUNT
Salary	\$ 125,100
Benefits-Fica & Medicare	9,389
Benefits-retirement	5,004
Benefits-health insurance	4,829
Travel	223
Cell phone	787
Benefits-life insurance	12
Registration fees	-
Vehicle rental	-
Deferred compensation	-
Workers comp	-
Benefits-long term disability	-
Car allowance	-
Vehicle provided by government	-
Dues	-
Per diem	-
Reimbursements	-
Conference travel	-
Unvouchered expenses	-
Meetings & conventions	-
Other	-
Total	\$ 145,344

See independent auditors' report.



**Reports and Schedules
Required by *Government Auditing
Standards* and The Uniform Guidance**

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

Board of Directors
Success Preparatory Academy
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 Success Preparatory Academy (Success Prep) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, 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 18, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Success Prep'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 Success Prep's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Carr, Riggs & Ingram, L.L.C.

December 18, 2019



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Board of Directors
Success Preparatory Academy
New Orleans, Louisiana

Report on Compliance for the Major Federal Program

We have audited Success Preparatory Academy's (Success Prep) (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Success Prep's major federal program for the year ended June 30, 2019. Success Prep's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for Success Prep's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Success Prep's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Success Prep's compliance.

Opinion on The Major Federal Program

In our opinion, Success Prep complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Success Prep is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Success Prep's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Success Prep's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Carri Riggs & Ingram, L.L.C.

December 18, 2019

SUCCESS PREPARATORY ACADEMY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures (\$)	Total Federal Expenditures (\$)
<u>United States Dept. of Education/Louisiana Department of Education</u>				
Title I Grants to Local Educational Agencies	84.010	-	\$ 360,074	\$ 360,074
Title I Grants to Local Educational Agencies/Direct Student Services	84.010	-	6,508	6,508
Title I Grants to Local Educational Agencies/School Redesign Grant	84.010	-	92,452	92,452
<i>Total Title I Grants to Local Educational Agencies</i>			459,034	459,034
English Language Acquisition State Grants	84.365	-	8,581	8,581
English Language Acquisition State Grants (Immigrant)	84.365	-	15,153	15,153
<i>Total English Language Acquisition State Grants</i>			23,734	23,734
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	-	38,329	38,329
Student Support and Academic Enrichment Program	84.424	-	25,275	25,275
United States Dept. of Education/Louisiana Department of Education/Special Education Cluster				
Special Education - Grants to States (IDEA, Part B)	84.027	-	101,047	101,047
Special Education - High Cost Services	84.027A	-	33,829	33,829
Special Education - School Redesign Grant	84.027A	-	11,563	11,563
Special Education - Preschool Grants	84.173	-	3,424	3,424
<i>Total Special Education Cluster</i>			149,863	149,863
United States Dept. of Education/New Schools for New Orleans				
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)	84.374	-	172,917	172,917
<i>Total Department of Education</i>			869,152	869,152
<u>United States Dept. of Agriculture/Louisiana Department of Education/Child Nutrition Cluster</u>				
National School Lunch Program	10.555	-	171,933	171,933
National School Lunch Program (Commodities)	10.555	-	32,592	32,592
School Breakfast Program	10.553	-	103,515	103,515
Summer Food Services Program for Children	10.559	-	132	132
<i>Total Child Nutrition Cluster</i>			308,172	308,172
United States Dept. of Agriculture/Louisiana Department of Education				
Child and Adult Care Food Program	10.558	-	135,408	135,408
<i>Total Department of Agriculture</i>			443,580	443,580
<i>Total Expenditures of Federal Awards</i>			\$ 1,312,732	\$ 1,312,732

*Success Preparatory Academy did not pass-through any amounts to Subrecipients.

*See independent auditors' report and accompanying notes to the
Schedule of Expenditures of Federal Awards.*

**SUCCESS PREPARATORY ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the revenues from federal awards of Success Preparatory Academy (Success Prep) (a nonprofit organization) as defined in Note 1 to Success Prep’s basic financial statements for the year ended June 30, 2019. All federal financial assistance was received directly from federal agencies is included on the Schedule, as well as federal assistance passed through other government agencies.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Success Prep and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Success Prep has not elected to use the 10% de minimis indirect rate allowed under the Uniform Guidance.

NOTE 3 – RECONCILIATION OF FEDERAL EXPENDITURES TO FEDERAL REVENUE

Below is a reconciliation of the Schedule of Expenditures of Federal Award to the Federal Revenues as presented on the Statement of Activities for the year ended June 30, 2019:

For the year ended June 30, 2019

Total Federal Expenditures	\$ 1,312,732
Child nutrition program net cash resources	32,592
Adjustment to prior year reimbursements	(189)
Total Federal Revenues	\$ 1,345,135

NOTE 4 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in Success Prep’s basic financial statements as program revenues.

NOTE 5 – LOANS

Success Prep did not expend federal awards related to loans or loan guarantees during the year.



**SUCCESS PREPARATORY ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 6 – FEDERALLY FUNDED INSURANCE

Success Prep has no federally funded insurance.

NOTE 7 – NONCASH ASSISTANCE

Success Prep received National School Lunch Program Commodities of \$32,592 as federal noncash assistance for the fiscal year ended June 30, 2019.

NOTE 8 – ON-BEHALF PAYMENTS

Success Prep did not have on-behalf payments.

**SUCCESS PREPARATORY ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | None noted |

Federal Awards

- | | |
|---|------------|
| 1. Type of auditors' report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| 3. Any audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a)? | None noted |
| 4. Identification of the major programs: | |

Name of Federal Award (or Cluster)	CFDA No.
Child Nutrition Cluster	10.553/10.555/10.559

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

**SUCCESS PREPARATORY ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

B. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no findings noted related to the financial statements for the year ended June 30, 2019.

C. FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

There were no findings noted related to compliance and other matters for the year ended June 30, 2019.

D. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

There were no findings or questioned costs noted related to the major federal award program for the year ended June 30, 2019.

E. MANAGEMENT LETTER

Issued Management letter.



**SUCCESS PREPARATORY ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

A. PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

There were no prior year findings or questioned costs noted.



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December 18, 2019

To the Board of Directors
Success Preparatory Academy

In planning and performing our audit of the financial statements of the Success Preparatory Academy (Success Prep) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered Success Prep's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Success Prep's internal control. Accordingly, we do not express an opinion on the effectiveness of Success Prep's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 18, 2019, on the financial statements of Success Prep.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Success Prep personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of management, the Board of Directors, and others within Success Prep, and is not intended to be, and should not be, used by anyone other than these specified parties.

Carr, Riggs & Ingram, L.L.C.

Finding 2019 Control Deficiency: Revenue Recorded to Incorrect Sources

Criteria: Revenue should be recorded by source based on guidance from the Louisiana Accounting & Uniform Governmental Handbook which caused the need for the entries to correct.

Condition: The School did not record all revenue by source based on guidance from the Louisiana Accounting & Uniform Governmental Handbook.

Cause: Revenue received was recorded in an incorrect revenue source based on guidance from the Louisiana Accounting & Uniform Governmental Handbook.

Effect: Presentation to users of financial statements may not be correct.

Recommendation: The School should design, implement and monitor policies and procedures to properly categorize revenue received based on guidance from the Louisiana Accounting & Uniform Governmental Handbook.

SUCCESS PREPARATORY ACADEMY

BESE AGREED-UPON PROCEDURES REPORT

For the Year Ended June 30, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor:

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Success Preparatory Academy (a nonprofit organization) (the School), the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2019; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results related to the accompanying schedules of supplementary information and are as follows:

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

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

Results: No exceptions noted in performing this procedure.

Class Size Characteristics (Schedule 2)

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

Results: No exceptions noted in performing this procedure.

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

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

Results: No exceptions noted in performing this procedure.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Results: No exceptions noted in performing this procedure.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of Success Preparatory Academy, 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.

Cam, Riggs & Ingram, L.L.C.

December 18, 2019

Success Preparatory Academy
Schedule 1 - General Fund Instructional and Support
Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2019

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 1,440,890	
Other instructional staff activities	480,937	
Instructional Staff Employee benefits	382,159	
Purchased professional and technical services	153,560	
Instructional materials and supplies	205,013	
Less instructional equipment	<u>(1,016)</u>	
Total teacher and student interaction activities		\$ 2,661,543

Other instructional activities		131,295
--------------------------------	--	---------

Pupil support activities	\$ 260,579	
Less: Equipment for pupil support activities	<u>-</u>	
Net pupil support activities		<u>260,579</u>

Instructional Staff Services	\$ 18,499	
Less: Equipment for instructional staff services	<u>-</u>	
Net instructional staff services		<u>18,499</u>

School Administration	\$ 347,527	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>347,527</u>

Total general fund instructional expenditures		<u>\$ 3,419,443</u>
---	--	---------------------

Total general fund equipment expenditures		<u>\$ 1,016</u>
---	--	-----------------

*Remainder of the BESE Schedule I does not apply to the School.

**Success Preparatory Academy
Schedule 2 - Class Size Characteristics
For the Year Ended June 30, 2019**

As of October 1, 2018

School Type	Class Size Range							
	1-20		21-26		27-33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	51%	59	34%	41	15%	17	0%	-
Elementary Activity Classes	10%	2	40%	8	50%	10	0%	-
Middle/Jr. High	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	0%	-	0%	-	0%	-	0%	-
High Activity Classes	0%	-	0%	-	0%	-	0%	-
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

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

Success Preparatory Academy
Statewide Agreed-Upon Procedures Report
For the Year Ended June 30, 2019



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**Success Preparatory Academy
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June 30, 2019**

REPORT REQUIRED BY THE LOUISIANA LEGISLATIVE AUDITOR

Independent Accountants' Report on Applying Agreed-Upon Procedures

1



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Success Preparatory Academy
New Orleans, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Success Preparatory Academy (a nonprofit organization) (the "School") and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The School is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the School's written policies and procedures and observe that they address each of the following categories and subcategories:
 - a) ***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.

Results: No exceptions were found as a result of applying the procedure.

Collections

2. 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.

Results: No exceptions were found as a result of applying the procedure. We noted and selected one (1) location that process payments.

3. 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, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee is responsible for reconciling collection documentation to the deposit.

Results: No exceptions were found as a result of applying the procedure.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger, unless another employee is responsible for reconciling ledger postings to each other and to the deposit.

Results: No exceptions were found as a result of applying the procedure.

- d) The employees responsible for reconciling cash collections to the general ledger by revenue source are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

5. Randomly select two deposit dates for each of the five (5) bank accounts selected for the procedure #3 under "Bank Reconciliations" above (select the next deposit 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). Obtain supporting documentation for each of the 10 deposits and:

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: Exception; two of two collections selected were not deposited within one business day of collection.

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

Results: No exceptions were found as a result of applying the procedure.

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

6. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Select the one location.

Results: No exceptions were found as a result of applying the procedure.

7. For each location selected under #6 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 and observe that job duties are properly segregated such that:

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employees is responsible for periodically reviewing changes to vendor files.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

8. For each location selected under #6 above, obtain the School's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five (5) disbursements for each location, obtain supporting documentation for each transaction and:

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- b) Observe that the disbursement documentation included evidence of segregation of duties tested under #7, as applicable.

Results: No exceptions were found as a result of applying the procedure.

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

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

Caru, Riggs & Ingram, L.L.C.

December 18, 2019