

# SUCCESS PREPARATORY ACADEMY

## FINANCIAL STATEMENTS

For the Years Ended June 30, 2017 and 2016



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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, 2017 and 2016, 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, 2017 and 2016, 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.

***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.

The schedules of performance statistical data as required by state law and referred to in our Independent Accountants' Report on Applying Agreed-Upon Procedures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, 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 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 19, 2017



# FINANCIAL STATEMENTS

**Success Preparatory Academy**  
**Statements of Financial Position**

<i>June 30,</i>	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,394,392	\$ 1,653,150
Grants receivable	468,205	301,587
Prepaid expenses	97,754	55,510
Other receivables	-	26,783
<b>Total current assets</b>	<b>1,960,351</b>	<b>2,037,030</b>
<b>Noncurrent assets</b>		
Deposits	48,955	48,955
<b>Total noncurrent assets</b>	<b>48,955</b>	<b>48,955</b>
<b>Total assets</b>	<b>\$ 2,009,306</b>	<b>\$ 2,085,985</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accrued expenses	\$ 139,398	\$ 57,853
Accounts payable	113,132	69,756
<b>Total current liabilities</b>	<b>252,530</b>	<b>127,609</b>
<b>Total liabilities</b>	<b>252,530</b>	<b>127,609</b>
<b>Net assets</b>		
Unrestricted	1,722,019	1,921,203
Temporarily restricted	34,757	37,173
<b>Total net assets</b>	<b>1,756,776</b>	<b>1,958,376</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,009,306</b>	<b>\$ 2,085,985</b>

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

**Success Preparatory Academy  
Statement of Activities**

<i>For the year ended June 30, 2017</i>	Unrestricted	Temporarily Restricted	Total
<b>Revenues and support</b>			
Local per pupil aid	\$ 2,543,458	\$ -	\$ 2,543,458
Federal sources	1,247,745	-	1,247,745
State public school funds	1,030,231	-	1,030,231
Other state and local sources	1,453,188	-	1,453,188
Donations and contributions	140,284	-	140,284
Net assets released from restrictions	2,416	(2,416)	-
<b>Total revenues and support</b>	<b>6,417,322</b>	<b>(2,416)</b>	<b>6,414,906</b>
<b>Expenses</b>			
Program services	4,501,989	-	4,501,989
Supporting services:			
Management and general	2,114,517	-	2,114,517
<b>Total expenses</b>	<b>6,616,506</b>	<b>-</b>	<b>6,616,506</b>
<b>Decrease in net assets</b>	<b>(199,184)</b>	<b>(2,416)</b>	<b>(201,600)</b>
Net assets at beginning of year	1,921,203	37,173	1,958,376
Net assets at end of year	\$ 1,722,019	\$ 34,757	\$ 1,756,776

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

**Success Preparatory Academy**  
**Statement of Activities**

<i>For the year ended June 30, 2016</i>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenues and support</b>			
Local per pupil aid	\$ 2,594,929	\$ -	\$ 2,594,929
Federal sources	1,253,182	-	1,253,182
State public school funds	1,123,488	-	1,123,488
Other state and local sources	1,510,864	-	1,510,864
Donations and contributions	123,506	14,850	138,356
Net assets released from restrictions	2,677	(2,677)	-
<b>Total revenues and support</b>	<b>6,608,646</b>	<b>12,173</b>	<b>6,620,819</b>
<b>Expenses</b>			
Program services	4,387,964	-	4,387,964
Supporting services:			
Management and general	2,197,109	-	2,197,109
<b>Total expenses</b>	<b>6,585,073</b>	<b>-</b>	<b>6,585,073</b>
<b>Increase in net assets</b>	<b>23,573</b>	<b>12,173</b>	<b>35,746</b>
Net assets at beginning of year	1,897,630	25,000	1,922,630
Net assets at end of year	\$ 1,921,203	\$ 37,173	\$ 1,958,376

*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, 2017</i>	Program services	Supporting Services <u>Management and general</u>	<b>Total</b>
Salaries and benefits	\$ 3,939,606	\$ 230,536	\$ 4,170,142
Bus service	51,423	486,773	538,196
Food service	467,889	12,054	479,943
Professional services	384,800	140,909	525,709
Purchased property services	-	367,241	367,241
Supplies	133,730	20,290	154,020
Dues and fees	1,418	134,421	135,839
Textbooks	41,825	-	41,825
Utilities	-	62,285	62,285
Telephone and postage	375	25,916	26,291
Travel	235	2,988	3,223
Insurance	-	36,354	36,354
Printing	29,563	-	29,563
Advertising	-	3,934	3,934
Miscellaneous	40,941	1,000	41,941
<b>Total Expenses</b>	<b>\$ 5,091,805</b>	<b>\$ 1,524,701</b>	<b>\$ 6,616,506</b>

*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, 2016</i>	Program services	Supporting services <u>Management and general</u>	Total
Salaries and benefits	\$ 3,842,342	\$ 243,848	\$ 4,086,190
Food service	-	539,762	539,762
Bus service	-	538,170	538,170
Professional services	391,423	112,523	503,946
Purchased property services	-	364,817	364,817
Supplies	124,762	40,301	165,063
Dues and fees	-	139,792	139,792
Textbooks	28,589	-	28,589
Utilities	-	60,713	60,713
Travel	848	1,725	2,573
Printing and binding	-	27,349	27,349
Telephone and postage	-	45,370	45,370
Insurance	-	35,010	35,010
Advertising	-	5,250	5,250
Miscellaneous	-	42,479	42,479
<b>Total Expenses</b>	<b>\$ 4,387,964</b>	<b>\$ 2,197,109</b>	<b>\$ 6,585,073</b>

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

**Success Preparatory Academy**  
**Statements of Cash Flows**

<b>June 30,</b>	<b>2017</b>	<b>2016</b>
<b>Cash Flows from Operating Activities:</b>		
(Decrease) increase in net assets	\$ (201,600)	\$ 35,746
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Changes in operating assets and liabilities:		
Grants receivable	(166,618)	55,569
Prepaid expenses	(42,244)	(1,442)
Other receivables	26,783	(26,048)
Accrued expenses	81,545	(128,368)
Accounts payable	43,376	(199,055)
Net cash used by operating activities	(258,758)	(263,598)
Net decrease in cash and cash equivalents	(258,758)	(263,598)
Cash and cash equivalents, beginning of year	1,653,150	1,916,748
Cash and cash equivalents, end of year	\$ 1,394,392	\$ 1,653,150

*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

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.

#### ***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.

#### ***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.

#### ***Functional Expenses***

The cost of program and supporting services has been reported on a functional basis. This requires the allocation of certain costs based on total program costs and estimates made by management. The allocation between the functions is compiled based on the Louisiana Accounting and Uniform Governmental Handbook ("LAUGH").

#### ***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.

On January 1, 2009, Success Prep adopted a standard relating to the accounting for uncertainty in income taxes. The tax effect from an uncertain tax position can be recognized in the financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. Success Prep recognizes the financial statement benefits of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit.

Success Prep has concluded that at June 30, 2017 and 2016, there are no significant uncertain tax positions requiring recognition in its financial statements.

## Success Preparatory Academy Notes to the Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Public Support and Revenue***

Success Prep receives its support primarily from the Louisiana State Department of Education and the United States Department of Education.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

#### ***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 probably 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, 2017 and 2016, management did not deem any receivables to be uncollectible; therefore no allowance was recorded.

#### ***Basis of Presentation***

Success Prep follows the provisions of Not-For-Profit Entities Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and classification of resources into three separate categories of net assets, as follows:

- Unrestricted - Net assets which are free of donor imposed restrictions; all revenues, expenses, gains and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by Success Prep is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of Success Prep pursuant to such stipulations.

## Success Preparatory Academy Notes to the Financial Statements

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Permanently Restricted - Net assets whose use by Success Prep is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of Success Prep.

#### ***Recent Accounting Pronouncements***

In August of 2016, the Financial Accounting Standards Board released Accounting Standards Update (FASB ASU) Nos. 2016-14 and 2016-02. ASU 2016-14 will significantly enhance the disclosure requirements for not-for-profit entities and the classifications of net assets. ASU 2016-02 alters the accounting for leases on a lessee's financial statements through the recognition of a right-of-use asset and a lease liability. Early adoption of these ASUs are permitted; however, for the year ended June 30, 2017, Success Prep has elected not to adopt these new accounting pronouncements.

### NOTE 2: 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 year ended June 30, 2017 and 2016. At June 30, 2017 and 2016, Success Prep's cash deposits exceeded the Federal Deposit Insurance Corporation limits by \$1,187,144 and \$1,379,320, respectively.

### NOTE 3: 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 \$72,181 and \$68,672 for the years ended June 30, 2017 and 2016, respectively.

### NOTE 4: 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 30<sup>th</sup>) 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.

## Success Preparatory Academy Notes to the Financial Statements

### NOTE 4: COMPENSATED ABSENCES (CONTINUED)

#### 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 5: LEASE AGREEMENT

Success Prep has 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 has reserved the right to impose rent in subsequent years. The amount of the rent-free lease, which is recorded as an in-kind donation, has been 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 each of the years ended June 30, 2017 and 2016. Success Prep is responsible for the payment of utilities, janitorial, disposal services, and property taxes.

The lease agreement states 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.

Success Prep may terminate this agreement upon 30 days' notice to relocate its school to a non-RSD facility. The RSD may terminate this agreement with cause prior to the end of the specified term in the event Success Prep fails to remedy a material breach within a period reasonable under the circumstances, but not less than 15 days after notice from the RSD.

### NOTE 6: 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 \$19,507 and \$21,554 for the years ended June 30, 2017 and 2016, respectively. Future minimum commitments under the operating lease agreements are as follows:

<i>Year Ended June 30,</i>	<i>Amount</i>
2018	\$ 13,653
2019	13,653
2020	1,707
	<hr/>
	\$ 29,014

## Success Preparatory Academy Notes to the Financial Statements

### NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at:

	June 30,	
	2017	2016
Ben Blanchard Grant	\$ 34,757	\$ 37,173
Total Temporarily Restricted Net Assets	\$ 34,757	\$ 37,173

### NOTE 8: 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, 2017 and 2016, 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 9: SIGNIFICANT CONCENTRATIONS

For the years ended June 30, 2017 and 2016, Success Prep received approximately 20% and 19%, respectively, of its total revenue from federal sources and approximately 78% and 79%, respectively, of its total revenue from state and local public school funds and other state and local sources.

### NOTE 10: 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.

At June 30, 2017 and 2016, Success Prep was not a defendant or co-defendant in any lawsuits arising from the normal course of operations.

**Facility Operating Costs** - As disclosed in Note 5, Success Prep leased space at Albert D. Wicker Elementary from the Louisiana State Department of Education through its Recovery School District ("RSD"). As disclosed in Note 5, the RSD and Success Prep reached an agreement as to what costs related to the lease of Success Prep's building would be charged to Success Prep.

**Success Preparatory Academy  
Notes to the Financial Statements**

**NOTE 11: GRANTS RECEIVABLE**

Grants receivable is comprised of the following balances

At June 30,	2017	2016
Child and Adult Care Food Program	\$ 30,324	\$ -
High Cost Services	48,613	-
Extended School Year	-	2,750
National School Lunch Program	91,016	4,452
High-Performance Schools Initiative	-	4,271
High Risk Pool	-	92,182
IDEA B	45,843	26,235
IDEA Pre-School	3,379	-
Preschool Expansion	13,080	-
Teacher Incentive Fund	12,778	54,445
Title I	92,593	100,927
Title I - Homeless Children	3,256	-
Title I - School Improvement Grant	105,164	-
Title II	10,695	16,325
Title III	4,299	-
Trauma Informed Schools Learning Collaborative	5,000	-
Private Donors	2,165	-
<b>Total grants receivable</b>	<b>\$ 468,205</b>	<b>\$ 301,587</b>

**NOTE 12: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through December 19, 2017, the date the financial statements were available to be issued. Subsequent to year end Success Prep was notified by the Recovery School District that the school will be moved to the Thurgood Marshall school building on Canal St. in summer of 2018 as part of the Recovery School District/Orleans Parish School Board Master Plan. Additionally, Success Prep's Charter is scheduled for renewal following the performance review of the 2017-2018 school year. Except for the events noted above, no other events material to the financial statements have been noted for disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



**SUPPLEMENTARY INFORMATION**

**Success Preparatory Academy  
Schedule of Agency Head Compensation  
For the Year Ended June 30, 2017**

Agency Head Name: Niloy Gangopadhyay, Chief Executive Officer

<b>PURPOSE</b>	<b>AMOUNT</b>	
Salary	\$	125,100
Benefits-Fica & Medicare		9,133
Benefits-retirement		5,004
Benefits-health insurance		3,946
Travel		1,311
Cell phone		436
Benefits-life insurance		10
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		-
<b>Total</b>	<b>\$</b>	<b>144,940</b>

*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, 2017, and the related Statement 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 19, 2017.

**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 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 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.

*Car, Riggs & Ingram, L.L.C.*

December 19, 2017



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## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Directors  
Success Preparatory Academy  
New Orleans, Louisiana

### **Report on Compliance for Each 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 each of Success Prep's major federal programs for the year ended June 30, 2017. Success Prep's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for Success Prep's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal programs 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 each major federal program. However, our audit does not provide a legal determination of Success Prep's compliance.

## Opinion on Each 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 each of its major federal programs for the year ended June 30, 2017.

## 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 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.

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

December 19, 2017

## Success Preparatory Academy Schedule of Expenditures of Federal Awards

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures (\$)</u>	<u>Amount Passed Through to Subrecipient</u>	<u>Total Federal Expenditures (\$)</u>
United States Dept. of Education/Louisiana Department of Education					
Title I Grants to Local Educational Agencies	84.010		\$ 335,259	\$ -	\$ 335,259
Education for Homeless Children and Youth	84.196		9,118	-	9,118
English Language Acquisition State Grants	84.365		1,769	-	1,769
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		43,500	-	43,500
School Improvement Grants	84.377		157,444	-	157,444
United States Dept. of Education/Louisiana Department of Education/Special Education Cluster					
Special Education - Grants to States (IDEA, Part B)	84.027		137,759	-	137,759
Special Education - Preschool Grants	84.173		3,379	-	3,379
<b>Total Special Education Cluster</b>					<b>141,138</b>
United States Dept. of Education/New Schools for New Orleans					
Teacher and School Leader Incentive Grants (formerly the Teacher Incentive Fund)	84.374		51,293	-	51,293
United States Dept. of Education/International High School					
English Language Acquisition State Grants	84.365		4,299	-	4,299
<b>Total Department of Education</b>					<b>743,820</b>
United States Dept. of Agriculture/Louisiana Department of Education/Child Nutrition Cluster					
National School Lunch Program	10.555		203,388	108,435	311,823
School Breakfast Program	10.553		96,507	17,768	114,275
Summer Food Services Program for Children	10.559		4,319	1,418	5,737
<b>Total Child Nutrition Cluster</b>					<b>431,835</b>
United States Dept. of Agriculture/Louisiana Department of Education					
Child and Adult Care Food Program	10.558		199,711	14,130	213,841
<b>Total Department of Agriculture</b>					<b>645,676</b>
<b>Total Expenditures of Federal Awards</b>					<b>\$ 1,389,496</b>

*See accompanying notes to the Schedule of Expenditures of Federal Awards.*

**Success Preparatory Academy**  
**Note to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2017**

**NOTE 1: BASIS OF ACCOUNTING**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Success Preparatory Academy ("Success Prep") (a nonprofit organization) 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. 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 2: 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, 2017:

**For the year ended June 30, 2017**

---

Total Federal Expenditures		\$ 1,389,496
Less amounts passed through to subrecipients:		
National School Lunch Program	(108,435)	
School Breakfast Program	(17,768)	
Summer Food Services Program for Children	(1,418)	
Child and Adult Food Care Program	(14,130)	
Total amounts passed through to subrecipients		(141,751)
<hr/>		
Total Federal Revenues		\$ 1,247,745
<hr/>		

**Success Preparatory Academy  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017**

**A. SUMMARY OF AUDITORS' RESULTS**

- The independent auditors' report expresses an unmodified opinion on the financial statements of Success Preparatory Academy.
- No instances of noncompliance material to the financial statements of Success Prep, which would be required to be disclosed under *Government Auditing Standards*, were disclosed and identified during the audit.
- No significant deficiencies relating to the audit of the major federal award programs is reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance required by the Uniform Guidance*.
- The *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over compliance required by the Uniform Guidance* expresses an unmodified opinion on the major federal programs.
- There was one (1) finding that is required to be reported in accordance with Uniform Guidance, see finding 2017-001
- A management letter was issued for the year ended June 30, 2017.
- The program tested as a major program for the year ended June 30, 2017 was:

<u>Program Title</u>	<u>CFDA No.</u>
Child Nutrition Cluster	10.553/10.555/10.559
Child and Adult Care Food Program	10.558

- The threshold used to distinguish between Type A and Type B programs was \$750,000.
- Success Preparatory Academy did not qualify as a low-risk auditee.

**B. FINDINGS RELATED TO FINANCIAL STATEMENT COMPLIANCE**

None Noted.

**C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS**

**2017-001: Timely Submission of Data Collection Form**

**Condition:** Success was required to submit the 2016 audit package and data collection form to the Federal Audit Clearinghouse by January 16, 2017.



## Success Preparatory Academy Schedule of Findings and Questioned Costs For the Year Ended June 30, 2017

**Criteria:** Uniform Guidance 2 CFR 200.512(a) states that the audit package and data collection form shall be submitted 30 days after receipt of the auditor's report(s), or 9 months after the end of the fiscal year, whichever comes first.

**Effect:** Late submission can result in withholding of federal pass-through funding to the auditee and precludes the auditee from being considered a low-risk auditee for the subsequent two (2) years.

**Cause:** A clerical oversight resulted in late submission of the audit package and data collection form.

**Recommendation:** We recommend Success Prep ensure timely certification of submission to the Federal Audit Clearinghouse.

**Management's Response and Corrective Action Plan:** Success agrees with the recommendation. See Management's Corrective Action Plan on page 26.



**Success Preparatory Academy  
Summary Schedule of Prior Year Audit Findings**

**A. FINDINGS RELATED TO FINANCIAL STATEMENT COMPLIANCE**

None noted.

**B. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS**

None noted.

**C. MANAGEMENT LETTER**

None issued.



**Success Preparatory Academy  
Management's Corrective Action Plan  
For the Year Ended June 30, 2017**

**SECTION I: FINDINGS RELATED TO FINANCIAL STATEMENT AUDIT**

There were no findings pertaining to major Federal award programs noted during the year ended June 30, 2017.

**SECTION II: FINDINGS RELATED TO MAJOR FEDERAL AWARD PROGRAMS**

**2017-001: Timely Submission of Data Collection Form**

**Planned Corrective Action:** Success will ensure timely certification of submission to the Federal Audit Clearinghouse.

**Anticipated Completion Date:** December 31, 2017

**Responsible Contact Person:** Kathryn Coneybear, Director of Finance



**SCHEDULES REQUIRED BY STATE  
LAW (PERFORMANCE STATISTICAL  
DATA)**

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

Board of Directors  
Success Preparatory Academy  
New Orleans, Louisiana

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 ("Success Prep") (a nonprofit organization) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Success Prep 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. Success Prep's management is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

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

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of 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.

Findings: None noted.

**Education Levels of Public Principals, Assistant Principals, and Full-Time Classroom Teachers (Schedule K-2)**

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total number of full-time classroom teachers per this schedule and to the School’s supporting payroll records as of October 1, 2016.

Findings: None noted.

3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers” (Schedule K-4) to the combined total of principals and assistant principals per this schedule.

Findings: None noted.

4. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2016 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s education level was properly classified on the schedule.

Findings:

We noted one (1) instance in which a teacher was listed as having a Master’s Degree, however, CRI was unable to verify the education level through the personnel file.

We noted one (1) instances in which a teacher was listed as having a Bachelor’s Degree; however, CRI confirmed through personnel files that the teacher attained a Master’s Degree.

We noted one (1) instance in which a teacher was reported as certified; however, we confirmed that the teaching certificate on file had expired during the year ended June 30, 2017

**Number and Type of Public Schools (Schedule K-3)**

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Findings: None noted.

**Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule K-4)**

6. We obtained a list of principals, assistant principals, and full-time teachers by classification as of October 1, 2016 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined that the individual's experience was properly classified on the schedule.

Findings: None noted.

**Public Staff Data: Average Salaries (Schedule K-5)**

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined that the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Findings: None noted.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Findings: None noted.

**Class Size Characteristics (Schedule K-6)**

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule K-3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1, 2016 roll books for those classes and determined that the class was properly classified on the schedule.

Findings: CRI noted one (1) instance in which an elementary school class for grades K-3 was reported as having an enrollment count which exceeded the maximum allowable enrollment. It was noted that this class consisted of 2 separate classes, one for grade 1 and one for grade Kindergarten, both of which did not exceed the enrollment limit.

**Louisiana Educational Assessment Program (LEAP) ELA & Math (Schedule K-7)**

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Findings: None noted.

**Louisiana Educational Assessment Program (LEAP) Science & Social Studies (Schedule K-9)**

11. We obtained test scores as provided by the testing authority and reconciled the scores as reported by the testing authority to the scores reported in the schedule by the School.

Findings: None noted.

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

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 accompanying the annual financial statements of the School. 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.

This report is intended solely for the information and use of management of Success Preparatory Academy, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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

December 19, 2017

**Success Preparatory Academy**  
**Schedule K-1**

**General fund instructional and support expenditures and  
Certain local revenue sources**  
**For the year ended June 30, 2017**

<u>General Fund Instructional and Equipment Expenditures</u>		
General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 1,804,578	
Other instructional staff activities	320,696	
Instructional Staff Employee benefits	442,508	
Purchased professional and technical services	264,077	
Instructional materials and supplies	162,792	
Less instructional equipment	-	
Total teacher and student interaction activities	-	\$ 2,994,651
Other instructional activities		68,717
Pupil support activities	-	
Less equipment for pupil support activities	-	
Net pupil support activities	-	-
Instructional Staff Services	317,933	
Less equipment for instructional staff services	-	
Net instructional staff services	-	317,933
School Administration	\$ 404,175	
Less: Equipment for School Administration	-	
Net school administration	-	404,175
Total general fund instructional expenditures		\$ 3,785,476
Total general fund equipment expenditures		\$ -
<u>Certain Local Revenue Sources</u>		
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	-	
Total local taxation revenue	-	\$ -
Local earnings on investment in real property:		
Earnings from 16th section property	\$ -	
Earnings from other real property	-	
Total local earnings on investment in real property	-	\$ -
State revenue in lieu of taxes:		
Revenue sharing—constitutional tax	\$ -	
Revenue sharing—other taxes	-	
Revenue sharing—excess portion	-	
Other revenue in lieu of taxes	-	
Total state revenue in lieu of taxes	-	\$ -
Nonpublic textbook revenue	-	\$ -
Nonpublic transportation revenue	-	\$ -

*See independent accountants' report on applying Agreed-Upon Procedures.*

**Success Preparatory Academy**  
**Schedule K-2**

Education levels of public school principals, assistant principals and  
Full-time classroom teachers  
As of October 1, 2016

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	-	-	-	-	-	-	-
Bachelor's Degree	26	84%	15	79%	-	-	-	-
Master's Degree	5	16%	4	21%	-	-	1	100%
Master's Degree +30	-	-	-	-	-	-	-	-
Specialist in Education	-	-	-	-	-	-	-	-
Ph. D. or Ed. D.	-	-	-	-	-	-	-	-
<b>Total</b>	<b>31</b>	<b>100%</b>	<b>19</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>100%</b>

*See independent accountants' report on applying Agreed-Upon Procedures.*

**Number and type of public schools  
For the year ended June 30, 2017**

---

Type	2017
	Number
Elementary	1
Middle/Jr. High	-
Secondary	-
Combination	-
Total	1

*See independent accountants' report on applying Agreed-Upon Procedures.*

**Success Preparatory Academy**  
**Schedule K-4**

**Experience of public school principals, assistant principals and  
Full-time classroom teachers  
As of October 1, 2016**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	-	-	-	-
Classroom Teachers	16	7	21	2	2	-	2	50
Principals	-	-	-	1	-	-	-	1
Total	16	7	21	3	2	-	2	51

*See independent accountants' report on applying Agreed-Upon Procedures.*

**Public school staff data**  
**As of June 30, 2017**

2017	All classroom teachers	Classroom teachers excluding ROTC and rehired retirees
Average classroom teachers salary including extra compensation	\$52,119	\$52,119
Average classroom teachers salary excluding extra compensation	\$51,376	\$51,376
Number of teacher full-time equivalents (FTEs) used in computation of average salaries	37.16	37.16

Note: Figures reported include all sources of funding (i.e. federal, state and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

**Success Preparatory Academy  
Schedule K-6**

**Class Size Characteristics  
As of October 1, 2016**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	73%	141	26%	51	-	-	1%	1
Elementary Activity Classes	82%	23	18%	5	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

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

**Success Preparatory Academy**  
**Schedule K-7**

**Louisiana Educational Assessment Program (LEAP) - ELA & Math**  
**For the Years Ended June 30, 2017, 2016, 2015**

District Achievement Level Results	ELA			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 3</b>						
Advanced	2%	2%	-	2%	8%	-
Mastery	16%	23%	18%	23%	38%	30%
Basic	28%	22%	25%	24%	31%	38%
Approaching Basic	27%	23%	32%	28%	8%	27%
Unsatisfactory	27%	30%	25%	23%	15%	5%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

District Achievement Level Results	ELA			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 4</b>						
Advanced	-	-	3%	-	3%	3%
Mastery	25%	17%	31%	22%	31%	31%
Basic	35%	38%	36%	30%	26%	25%
Approaching Basic	24%	28%	27%	28%	23%	23%
Unsatisfactory	16%	17%	3%	20%	17%	18%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

District Achievement Level Results	ELA			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 5</b>						
Advanced	-	3%	2%	-	3%	2%
Mastery	13%	27%	10%	11%	9%	16%
Basic	24%	42%	36%	44%	40%	38%
Approaching Basic	31%	23%	30%	18%	17%	21%
Unsatisfactory	32%	5%	22%	27%	31%	23%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*See independent accountants' report on applying Agreed-Upon Procedures.*

**Success Preparatory Academy**  
**Schedule K-7**  
**(CONTINUED)**

Louisiana Educational Assessment Program (LEAP) - ELA & Math  
 For the Years Ended June 30, 2017, 2016, 2015

District Achievement Level Results	ELA			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 6</b>						
Advanced	7%	1%	0%	6%	3%	1%
Mastery	7%	21%	18%	13%	24%	12%
Basic	37%	40%	31%	41%	30%	22%
Approaching Basic	31%	25%	37%	22%	31%	49%
Unsatisfactory	17%	12%	14%	19%	12%	16%
<b>Total</b>	<b>99%</b>	<b>99%</b>	<b>100%</b>	<b>101%</b>	<b>100%</b>	<b>100%</b>

District Achievement Level Results	ELA			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 7</b>						
Advanced	5%	7%	2%	-	2%	-
Mastery	16%	11%	8%	14%	16%	10%
Basic	37%	32%	33%	39%	36%	22%
Approaching Basic	21%	27%	37%	35%	32%	31%
Unsatisfactory	21%	23%	20%	12%	14%	37%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

District Achievement Level Results	ELA			Mathematics		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 8</b>						
Advanced	3%	3%	1%	8%	5%	2%
Mastery	20%	20%	22%	15%	40%	29%
Basic	20%	40%	41%	23%	28%	33%
Approaching Basic	18%	28%	22%	23%	18%	26%
Unsatisfactory	39%	9%	14%	31%	9%	10%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

*See independent accountants' report on applying Agreed-Upon Procedures.*

## Success Preparatory Academy Schedule K-9

**Louisiana Educational Assessment Program (LEAP) - Science & Social Studies  
For the Years Ended June 30, 2017, 2016, 2015**

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 3</b>						
Advanced	2%	-	2%	-	N/A	-
Mastery	8%	10%	10%	8%	N/A	5%
Basic	34%	39%	43%	16%	N/A	50%
Approaching Basic	26%	31%	30%	46%	N/A	23%
Unsatisfactory	30%	20%	15%	30%	N/A	22%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 4</b>						
Advanced	3%	3%	3%	3%	N/A	2%
Mastery	11%	14%	8%	5%	N/A	11%
Basic	36%	46%	39%	22%	N/A	36%
Approaching Basic	36%	23%	34%	34%	N/A	23%
Unsatisfactory	14%	14%	16%	36%	N/A	28%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 5</b>						
Advanced	-	3%	2%	-	N/A	2%
Mastery	2%	3%	3%	7%	N/A	5%
Basic	33%	36%	28%	8%	N/A	38%
Approaching Basic	32%	22%	39%	30%	N/A	30%
Unsatisfactory	33%	36%	28%	55%	N/A	25%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

**Note:** Social Studies field test was administered in place of the operational Social Studies test for 2016

*See independent accountants' report on applying Agreed-Upon Procedures.*

**Success Preparatory Academy**  
**Schedule K-9**  
**(Continued)**

Louisiana Educational Assessment Program (LEAP) - Science & Social Studies  
For the Years Ended June 30, 2017, 2016, 2015

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 6</b>						
Advanced	4%	1%	2%	4%	N/A	6%
Mastery	4%	8%	5%	7%	N/A	5%
Basic	47%	36%	33%	28%	N/A	35%
Approaching Basic	18%	34%	31%	20%	N/A	31%
Unsatisfactory	27%	21%	29%	41%	N/A	23%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 7</b>						
Advanced	4%	2%	2%	2%	N/A	2%
Mastery	12%	11%	2%	11%	N/A	8%
Basic	36%	36%	27%	16%	N/A	40%
Approaching Basic	32%	30%	44%	26%	N/A	27%
Unsatisfactory	16%	21%	25%	45%	N/A	23%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Students	Percent	Percent	Percent	Percent	Percent	Percent
<b>Grade 8</b>						
Advanced	-	3%	1%	8%	N/A	1%
Mastery	3%	13%	-	3%	N/A	8%
Basic	23%	27%	42%	21%	N/A	42%
Approaching Basic	38%	34%	37%	18%	N/A	22%
Unsatisfactory	36%	23%	20%	50%	N/A	27%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>N/A</b>	<b>100%</b>

Note: Social Studies field test was administered in place of the operational Social Studies test for 2016

*See independent accountants' report on applying Agreed-Upon Procedures.*

**Success Preparatory Academy**  
**Statewide Agreed-Upon Procedures Report**  
**For the Year Ended June 30, 2017**



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June 30, 2017**

**REPORT REQUIRED BY THE LOUISIANA LEGISLATIVE AUDITOR**

Independent Accountants' Report on Applying Agreed-Upon Procedures

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

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

We have performed the procedures enumerated below, which were agreed to by management of 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, 2016 through June 30, 2017. The School's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### PROCEDURES TO BE PERFORMED IN CONNECTION WITH LOUISIANA LEGISLATIVE AUDITOR STATEWIDE AGREED-UPON PROCEDURES

#### *Written Policies and Procedures*

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1. We obtained the School's written policies and procedures and reported whether those written policies and procedures address each of the following financial/business functions (or reported that the School does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget  
**Results:** Policy addresses the required elements above.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

**Results:** The policy does not include the process to add a new vendor to the system or define documentation required to be maintained for all bids and price quotes.

**Management's Response:** Management will update the policy to reflect that the Director of Operations will be responsible for evaluating new vendors based on vendor pricing, business acumen, reputation/good standing, and any other relevant criteria based on the purchase or service required. The Director of Finance will be responsible for adding approved vendors to the system. Additionally, management will update the policy to reflect that at least three (3) bids/quotes for purchased goods are to be solicited in writing for all purchases that exceed the applicable thresholds provided in the Louisiana Public Bid Law, and that copies of quote requests and actual quotes will be maintained in the vendor file of the selected vendor.

- c) **Disbursements**, including processing, reviewing, and approving

**Results:** Policy addresses the required elements above.

- d) **Receipts**, including receiving, recording, and preparing deposit

**Results:** Policy addresses the required elements above.

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

**Results:** Policy addresses the required elements above.

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

**Results:** The policy does not specify the types of services requiring written contracts, identify standard terms and conditions for contracts, require legal review of contracts, or document the approval and monitoring process of contracts.

**Management's Response:** Management will update the policy to reflect that a written contract is required for all recurring services provided by third parties as well as one-time or non-regular services in excess of \$10,000. In addition, all contracts in excess of \$10,000 must be reviewed by legal counsel and approved by the Executive Director. Contracts must be in written form and must specify the scope of services to be provided, the amount to be paid for services, and the duration of the contract. The Director of Finance will be responsible for contract monitoring and the Executive Director will provide additional oversight.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

**Results:** Policy addresses the required elements above.

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

**Results:** The policy does not include the dollar thresholds by category of expenses.

**Management's Response:** Management will update the policy to reflect that mileage reimbursements will be based on the standard mileage rates as established by the U.S. General Services Administration (GSA). Additionally, all travel-related expenses and reimbursements for meals, airfare, and lodging will be reimbursed (or prepaid for airfare and lodging) based on actual amounts expended as evidenced by itemized receipts and shall not exceed the rates established by the GSA. Per diems will not be paid. If there are extenuating circumstances which cause expenses to exceed GSA rates, a written explanation and approval by the Executive Director is required.

***Board (or Finance Committee, if applicable)***

---

2. We obtained and reviewed the board/committee minutes for the fiscal period, and:

- a) Reported whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

**Results:** The Board did not have a quorum for the April 2017 board meeting; however, Success Prep met twice in March 2017. All other meetings appeared to be in accordance with the School's bylaws.

- b) Reported whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the School's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, we reported whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, we reported whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

**Results:** The Board minutes failed to reference discussions of budget-to-actual comparison for each month a Board meeting was held.

**Management's Response:** Management will ensure that Board minutes accurately document discussion of budget-to-actual comparisons each month.

- c) Reported whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Results:** The Board minutes did reference or include non-budgetary financial information for at least one meeting during the fiscal period.

### ***Bank Reconciliations***

---

3. We obtained a listing of client bank accounts from management and management's representation that the listing is complete.

**Results:** List and management's representation was obtained.

4. Using the listing provided by management, we selected both of the School's bank accounts. For each of the bank accounts selected, we obtained bank statements and reconciliations for all months in the fiscal period and reported whether:

- a) Bank reconciliations have been prepared;

**Results:** We noted bank reconciliations were prepared for all months for all accounts during the fiscal period.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

**Results:** We noted that bank reconciliations include evidence that a member of management or a Board member reviewed each bank reconciliation.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six (6) months as of the end of the fiscal period.

**Results:** We noted documentation reflecting that the School researched reconciling items that had been outstanding more than six (6) months.

### ***Collections***

---

5. We obtained a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

**Results:** List and management's representations were obtained.

6. Using the listing provided by management, we selected the School's only cash collection. For the location selected:

- a) We obtained existing written documentation (e.g. insurance policy, policy manual, job description) and reported whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating

controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Results:** We noted that not every person responsible for collecting cash is not bonded.

**Management's Response:** While each person responsible for collecting cash is not bonded, the School does have a general liability insurance policy that covers employee theft. Management believes this adequately mitigates the risk of not having a bond on each person responsible for collecting cash.

- b) We obtained existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and reported whether the School has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**Results:** We noted that the School does have a formal process to reconcile cash collections to the general ledger by a person who is not responsible for cash collections in the cash collection location selected.

- c) We selected the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- 1) Using School collection documentation, deposit slips, and bank statements, we traced daily collections to the deposit date on the corresponding bank statement and reported whether the deposits were made within one (1) day of collection. If deposits were not made within one day (1) of collection, we reported the number of days from receipt to deposit.

**Results:** Based on our review of deposit records for the highest dollar week of cash collections, the deposit took place between 13 days and 48 days after collections

**Management's Response:** Management will update the policy to reflect that cash will be deposited within one week of cash totals exceeding \$300.

- 2) Using sequentially numbered receipts, system reports, or other related collection documentation, we verified that daily cash collections are completely supported by documentation and reported any exceptions.

**Results:** We did not note any collections which were not fully supported by documentation.

7. We obtained existing written documentation (e.g. policy manual, written procedure) and reported whether the School has a process specifically defined (identified as such by the School) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

**Results:** We noted that the School does have a process specifically defined to determine completeness of all collections for each revenue source and agency fund addition by a person who is not responsible for collections.

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

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8. We obtained a listing of the School’s disbursements from management or, alternately, obtained the general ledger and sorted/filtered for disbursements. We obtained management’s representation that the listing or general ledger population is complete.

**Results:** List and management’s representation were obtained.

9. Using the disbursement population from #8 above, we randomly selected twenty-five (25) disbursements, excluding credit card/debit card/fuel card/P-card purchases or payments. We obtained supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and reported whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

**Results:** Based on our review of twenty-five (25) disbursements, we did not note any exceptions.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

**Results:** Based on our review of twenty-five (25) disbursements, we did not note any exceptions.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Results:** Based on our review of twenty-five (25) disbursements, we did not note any exceptions.

10. Using School documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the person responsible for processing payments is prohibited from adding vendors to the School's purchasing/disbursement system.

**Results:** We noted that the person responsible for processing payments is prohibited from adding vendors to the School's purchasing/disbursement system.

11. Using School documentation (e.g. electronic system control documentation, policy manual, written procedure), we reported whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Results:** We noted that the Executive Director is authorized to initiate purchases and no additional approval is required for those purchases.

**Management's Response:** Management will update the policy to reflect that as a best practice, purchases initiated by the Executive Director will be reviewed by the Director of Finance if less than \$10,000 or a Board member if greater than \$10,000.

12. We inquired of management and observed whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and reported any exceptions.

**Results:** We observed the supply of unused checks maintained in a locked location, to which the Executive Director does not have access.

13. If a signature stamp or signature machine is used, we inquired of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. We inquired of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. We reported any exceptions.

**Results:** We noted that no signature stamp or signature machine was used.

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

---

14. We obtained from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. We obtained management's representation that the listing is complete.

**Results:** List and management's representation were obtained.

15. Using the listing prepared by management, we selected the only card that was used during the fiscal period. We obtained the monthly statements for card. We selected the monthly statement with the largest dollar activity and:

- a) We reported whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

**Results:** We noted that there was evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized cardholder.

- b) We reported whether finance charges and/or late fees were assessed on the selected statements.

**Results:** We did not note any finance charges or late fees.

16. Using the monthly statement selected under #15 above, we obtained supporting documentation for all transactions for the card.

- a) For each transaction, we reported whether the transaction is supported by:
- 1) An original itemized receipt (i.e., identifies precisely what was purchased)
  - 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
  - 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**Results:** We did not note any exceptions.

- b) For each transaction, we compared the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the School's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and reported any exceptions.

**Results:** Transactions are in accordance with the School's written policies and the Louisiana Public Bid Law.

- c) For each transaction, we compared the School's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions.

**Results:** We noted that the documented business/public purpose of the transactions selected do not violate the requirements of Article 7, Section 14 of the Louisiana Constitution.

### ***Travel and Expense Reimbursement***

---

17. We obtained from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for travel reimbursements. We obtained management's representation that the listing or general ledger is complete.

**Results:** List and management's representation were obtained.

18. We obtained the School's written policies related to travel and expense reimbursements. We compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and reported any amounts that exceed GSA rates.

**Results:** We did not note any rates that exceeded those set by the GSA.

19. Using the listing or general ledger from #17 above, we selected the three (3) persons who incurred the most travel costs during the fiscal period. We obtained the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and chose the largest travel expense for each person to review in detail. For each of the three (3) travel expenses selected:

a) We compared expense documentation to written policies and reported whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the School does not have written policies, we compared to the GSA rates (#18 above) and reported each reimbursement that exceeded those rates.

**Results:** We noted that each expense selected was reimbursed in accordance with the written policies of the School.

b) We reported whether each expense is supported by:

- 1) An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- 2) Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

**Results:** We noted that each expense was supported by an original itemized receipt that identified precisely what was purchased, documentation of the business purpose, and documentation required by the School's written policies.

c) We compared the School's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and reported any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse).

**Results:** Based on review of the documentation referenced above, we did not note any violations of Article 7, Section 14 of the Louisiana Constitution.

d) We reported whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Results:** We noted that expenses and related documentation selected were reviewed and approved by someone other than the person receiving reimbursement.

### ***Contracts***

---

20. We obtain a listing of all contracts in effect during the fiscal period or, alternately, we obtained the general ledger and sorted/filtered for contract payments. We obtained management's representation that the listing or general ledger is complete.

**Results:** List and management's representation were obtained.

21. Using the listing above, we selected the five (5) contracted "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). We obtained the related contracts and paid invoices and:

a) We reported whether there is a formal/written contract that supports the services arrangement and the amount paid.

**Results:** We noted that there were formal/written contracts for all five (5) contract vendors paid the most money during the fiscal year.

b) We compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. We reported whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- 1) If yes, we obtained/compared supporting contract documentation to legal requirements and reported whether the School complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- 2) If no, we obtained supporting contract documentation and reported whether the School solicited quotes as a best practice.

**Results:** We noted that none of the top five (5) vendors were subject to Louisiana Public Bid Law.

- c) We reported whether the contract was amended. If so, we reported the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**Results:** We noted one (1) contract has been amended and that it was amended in accordance with the terms of the original contract.

- d) We selected the largest payment from each of the five (5) contracts, obtained the supporting invoice, compared the invoice to the contract terms, and reported whether the invoice and related payment complied with the terms and conditions of the contract.

**Results:** For the payments selected, we noted that the invoice and related payment complied with the terms and conditions of the contract.

- e) We obtained/reviewed contract documentation and board minutes and reported whether there is documentation of Board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

**Results:** We did not note any policy that required Board approval of the contracts. However, the Chairman of the Board did dual sign all checks above \$10,000 as required by policy.

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

---

22. We obtained a listing of employees with their related salaries, and obtained management's representation that the listing is complete. We randomly selected five employees/officials, obtained their personnel files, and:

**Results:** List and management's representations have been obtained.

- a) Reviewed compensation paid to each employee during the fiscal period and reported whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**Results:** Payments were made in strict accordance with the terms and conditions of the employment contract.

- b) Reviewed changes made to hourly pay rates/salaries during the fiscal period and reported whether those changes were approved in writing and in accordance with written policy.

**Results:** We did note not changes made to hourly pay rate/salaries during the fiscal year for the employees selected.

23. We obtained attendance and leave records and randomly select one pay period in which leave was been taken by at least one employee. Within that pay period, we randomly selected twenty-five (25) employees/officials, and:

- a) Reported whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

**Results:** We noted that all selected employees documented their daily attendance and leave.

- b) Reported whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

**Results:** We noted that supervisors approved attendance and leave of the selected employees.

- c) Reported whether there is written documentation that the School maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**Results:** We noted that the School maintained written leave records on those selected employees that earn leave.

24. We obtained from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, we selected the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtained the personnel files for the two employees/officials. We reported whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**Results:** We obtained a list and management's representation. The selected termination payments were made in strict accordance with the policy and approved by management.

25. We obtained supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. We reported whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Results:** We noted that employee and employer portions of payroll taxes and retirement contributions were submitted to the applicable agencies by the required deadlines.

**Other**

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26. We inquired of management whether the School had any misappropriations of public funds or assets. If so, we obtained/reviewed supporting documentation and reported whether the School reported the misappropriation to the LLA and the district attorney of the parish in which the School is domiciled.

**Results:** Based on our inquiry with management and review of the general ledger, we noted that the School had no misappropriation of funds.

27. We observe and reported whether the School has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Results:** Based on our observation of the School's website and premises, we noted appropriate posting of the notice for misappropriation, fraud, waste, or abuse of public funds.

28. If we observed or otherwise identified any exceptions regarding management's representations in the procedures above, we reported the nature of each exception.

**Results:** We did not observe or identify any exceptions.

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.

This report is intended solely for the information and use of management of the School and the LLA and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

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

December 19, 2017