

Pelican Educational Foundation, Inc.

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019



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Pelican Educational Foundation, Inc.
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June 30, 2019

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Report



Carr, Riggs & Ingram, LLC
111 Veterans Memorial Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 837-9116
(504) 837-0123(fax)
www.CRIcpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Pelican Educational Foundation, Inc. (the Foundation) (a nonprofit organization) (d/b/a Kenilworth Science & Technology Charter School), which comprise the statement of financial position at June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 the Foundation'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 the Foundation'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 the Foundation as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As stated in Note 11 to the financial statements, management determined that an over accrual of a liability in the prior year occurred, resulting in an overstatement of amounts previously reported for liabilities, as well as an understatement of net assets as of June 30, 2018. Accordingly, amounts reported for these accounts have been restated as of July 1, 2018. Our opinion is not modified with respect to this matter.

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of agency head compensation is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope

of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

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

December 27, 2019



Financial Statements

Pelican Educational Foundation, Inc.
Statement of Financial Position

June 30,

2019

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,259,829
Cash restricted for student activities	17,505
Grants receivable	133,619
Other receivables	5,765
Prepaid expenses	10,359
Total current assets	1,427,077
PROPERTY AND EQUIPMENT, net	121,604
TOTAL ASSETS	\$ 1,548,681
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 91,390
Accrued expenses	324,932
Total current liabilities	416,322
TOTAL LIABILITIES	416,322
NET ASSETS	
Without donor restriction	1,030,648
With donor restriction	101,711
Total net assets	1,132,359
TOTAL LIABILITIES AND NET ASSETS	\$ 1,548,681

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

Pelican Educational Foundation, Inc.
Statement of Activities

<i>For the year ended June 30, 2019</i>	Without Donor Restiction	With Donor Restriction	Total
REVENUES AND SUPPORT			
MFP state	\$ 1,526,696	\$ -	\$ 1,526,696
MFP local	2,581,020	-	2,581,020
Federal grants	922,391	18,757	941,148
State grants	20,638	-	20,638
Contributions and donations	5,693	-	5,693
Student activities	-	35,492	35,492
Miscellaneous	24,446	-	24,446
Net assets released from restrictions	49,717	(49,717)	-
Total revenues and support	5,130,601	4,532	5,135,133
Expenses			
Program services:			
Instructional	3,940,291	-	3,940,291
Support services:			
Management and general support	1,587,175	-	1,587,175
Total expenses	5,527,466	-	5,527,466
CHANGE IN NET ASSETS	(396,865)	4,532	(392,333)
NET ASSETS -			
BEGINNING OF YEAR, as previously reported	1,398,840	81,842	1,480,682
Correction of an error (Note 11)	28,673	15,337	44,010
NET ASSETS - BEGINNING OF YEAR, restated	1,427,513	97,179	1,524,692
NET ASSETS - END OF YEAR	\$ 1,030,648	\$ 101,711	\$ 1,132,359

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

Pelican Educational Foundation, Inc.
Statement of Functional Expenses

<i>For the year ended June 30, 2019</i>	Program	Support	
	Instructional	Management and general	Total
Salaries and benefits	\$ 2,358,529	\$ 728,864	\$ 3,087,393
Student transportation services	590,911	-	590,911
Purchased professional services	123,347	612,648	735,995
Food service management	278,166	-	278,166
Materials and supplies	118,911	9,781	128,692
Advertising	-	88,868	88,868
Dues and fees	82,074	425	82,499
Energy	115,056	6,073	121,129
Repairs and maintenance	71,928	3,796	75,724
Rentals	61,888	3,266	65,154
Insurance	55,390	2,923	58,313
Travel	-	46,965	46,965
Communications	-	57,275	57,275
Cleaning services	15,260	24,305	39,565
Depreciation	23,559	1,243	24,802
Utility services	14,044	741	14,785
Books and periodicals	31,230	-	31,230
Total expenses	\$ 3,940,291	\$ 1,587,175	\$ 5,527,466

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

Pelican Educational Foundation, Inc.
Statement of Cash Flows

For the year ended June 30, **2019**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (392,333)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	24,802
Changes in operating assets and liabilities:	
Grants receivable	(65,372)
Other receivables	42,953
Prepaid expenses	(10,359)
Accounts payable	47,117
Accrued expenses	(73,289)
<hr/>	
Net cash used in operating activities	(426,481)
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CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(45,207)
<hr/>	
Net cash used in investing activities	(45,207)
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NET DECREASE IN CASH AND CASH EQUIVALENTS	(471,688)
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,749,022
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CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,277,334
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RECONCILIATION TO STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents	\$ 1,259,829
Restricted cash	17,505
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	\$ 1,277,334
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The accompanying footnotes are an integral part of this financial statement.



Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Pelican Educational Foundation, Inc. (the Foundation) (a nonprofit organization) was created as a non-profit corporation under the laws of the State of Louisiana on November 4, 2005. On March 12, 2009, the Board of Elementary and Secondary Education approved the Foundation’s application to transform Kenilworth Middle, a consistently failing public school in East Baton Rouge Parish, into a high-performing college-preparatory science and technology oriented charter school serving grades 6 through 8. Kenilworth Science & Technology Charter School began its first year of school on August 7, 2009.

The Foundation operates under the direction of a seven member board of directors. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Foundation's instructional/support facility staffed by approximately 60 personnel who provide services to approximately 400 students.

The State Board of Elementary and Secondary Education (BESE) granted the Foundation a Type 5 charter to operate Pelican Educational Foundation, Inc. in March 2009. In June 2014, a new charter was issued by the Louisiana Department of Education, extending the Foundation’s Type 5 charter through June 2019. Effective July 1, 2019, a new charter was issued by the Louisiana Department of Education, extending the Foundation’s Type 5 charter through June 2022.

Basis of Accounting

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

Basis of Presentation

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

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and the board of directors.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets with Donor Restriction – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; these restrictions will be met by actions of the Foundation or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2019, net assets with donor restrictions included was \$101,711.

Income Tax Status

The Foundation 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. The Foundation's management believes that the Foundation continues to operate in a manner that preserves its tax exempt status.

Uncertain Tax Positions

U.S. GAAP requires that the Foundation's management evaluate positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation's management has analyzed the tax positions taken by the Foundation and has concluded, that as of June 30, 2019, there were no uncertain positions taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Use of Estimates

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

Cash and Cash Equivalents, Cash Restricted for Student Activities

Cash consists of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts received from individual donors who state the specific use, or cash collected for student activities.

For the purposes of the statement of cash flows, the Foundation considers all unrestricted funds and highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Other Receivables and Allowance for Doubtful Accounts

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation balances 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. As of June 30, 2019, management did not deem any receivables to be uncollectable; therefore no allowance was recorded.

Prepaid Expenses

Prepaid expenses include payments made to vendors for services that will benefit periods beyond June 30, 2019.

Property and Equipment

Property and equipment are capitalized at cost and updated for additions and retirements during the year. The Foundation maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment except land are depreciated. Depreciation is computed using the straight-line method over lesser of the life of the current building lease or the following useful lives:

Buildings and improvements	10 years
Furniture and fixtures	7 years
Office and classroom equipment	5 years

Assets acquired with Department of Education funds are owned by the Foundation while used in the purpose for which it was purchased. The Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

Impairment of Long-Lived Assets

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

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue With and Without Donor Restriction

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

When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction. As of June 30, 2019, net assets with donor restriction consisted of \$17,505 for Student Activities and \$84,206 for Child Nutrition Program, both purpose restricted.

Public Support and Revenue

The Foundation's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund and locally from East Baton Rouge. For the year ended June 30, 2019, the Foundation received \$3,904 from the State and \$6,618 from East Baton Rouge School Board per eligible student in attendance at the official pupil count date of October 1, 2018. MFP revenue accounts for 80% of the Foundation's total revenue for the year ended June 30, 2019. Federal grants are on a cost reimbursement basis and are recorded when reimbursement requests are submitted. Federal grants accounted for 18% of the Foundation's total revenue for the year ended June 30, 2019.

Functional Expenses

As required under FASB Accounting Standards Update ("ASU") No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, the Foundation has presented a statement of function expense as part of its financial statements. The financial statements of the Foundation report certain categories of expenses that are attributable to more than one program or supporting function. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The majority of expenses are allocated based on actual time or effort. Energy, utility services, insurance, and depreciation expenses have been allocated based on square footage.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

Effective July 1, 2018, the Foundation adopted FASB ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The Foundation has adjusted the presentation of the financial statements accordingly. The new standard changes the following aspects of the Foundation's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statement includes a new disclosure surrounding liquidity and availability of resources (see Note 2).
- The presentation of functional classification of expenses in the financial statements is supplemented with enhanced disclosures about the methods used to allocated costs among functions and the basis for which to allocate costs between program and supporting expenses (see Note 1).

The changes have the following effect on net assets at July 1, 2018 (after restatement, see note 11):

	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 1,427,513	\$ -
Temporarily restricted net assets	97,179	-
Net assets without donor restriction	-	1,427,513
Net assets with donor restriction	-	97,179

Future Account Pronouncements

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry specific guidance. These amendments are affective for the fiscal year ending June 30, 2020. Early adoption with certain restrictions is permitted. The Foundation did not early adopt the standard and is currently evaluating the impact of the guidance on the financial statements.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Future Account Pronouncements (continued)

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 provides guidance on the classification and presentation of changes in restricted cash on the statement of cash flows. The ASU requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts general described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU is effective for fiscal year-ending June 30, 2020, but early adoption is permitted. The Foundation did not early adopt the standard and is currently evaluating the impact of the guidance on the financial statements.

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

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

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation has \$1,416,718 of financial assets available within one year of the statement of financial position dated June 30, 2019, consisting of cash and cash equivalents of \$1,277,334 and grants and other receivables of \$139,384. Cash and receivables of \$109,042 was restricted for specific uses that makes it unavailable for general expenditure within one year of the statement of financial position date. The Foundation has a goal to maintain financial assets, consisting of cash on hand, to meet 30 days of operating expenses. Management estimates 30 days of operating expenses to be \$184,250 and believes it has appropriate available financial resources as of June 30, 2019. As part of its liquidity management, the Foundation maintains cash accounts at a local bank which pays interest on the balances maintained.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 3 – CASH AND CASH EQUIVALENTS

The Foundation 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, 2019. At times, the balances may exceed the federally insured amount. At June 30, 2019, the Foundation’s cash deposits exceeded the Federal Deposit Insurance Corporation limits by \$1,050,912.

NOTE 4 – GRANTS AND OTHER RECEIVABLES

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

IDEA B	\$	17,994
Title I - School Improvement Grant		65,297
Title I - Redesign		41,301
Other Grants		9,027
Total Grants receivable	\$	133,619
Other receivables	\$	5,765

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019, consisted of the following:

Building and improvements	\$	144,542
Furniture and fixtures		117,207
Office and classroom equipment		149,157
Less: Accumulated Depreciation		(289,302)
Property and Equipment, net	\$	121,604

Depreciation expense was \$24,802 for the year ended June 30, 2019.

NOTE 6 – RETIREMENT PLAN

Employees of the Foundation are eligible to participate in the defined contribution plan administered by American United Life. The plan is a 403(b) defined contribution plan. Employees are allowed to make contributions during the year subject to limitations imposed by the IRS. The Foundation provides an employer matching contribution of 5% of the employee’s salary. The Foundation made contributions during the year ended June 30, 2019 of \$132,799.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 7 – COMPENSATED ABSENCES

All contracted employees are granted eight days of paid time off per year, provided that the employee is contracted for a full year. Annually, any remaining paid time off balance from the fiscal year is paid out. At June 30, 2019, the Foundation calculated the outstanding balance of each employee for any unused paid time off; \$12,458 is accrued for unused paid time off and is recorded in accrued expenses on the statement of financial position.

NOTE 8 – CONTINGENCIES

The continuation of Kenilworth Science and Technology Charter School 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.

NOTE 9 – LEASE AGREEMENT

During the year ended June 30, 2019, the Foundation leased a building from the East Baton Rouge Parish School Board for Kenilworth Science and Technology Charter School absent of a lease agreement. The East Baton Rouge Parish School Board will forego any lease payments for the term of the lease. The agreement is classified as an exchange transaction because both parties receive significant value from the arrangement, the value of which is not readily determinable. Accordingly, the present value of the benefit to be received in future years has not been recorded.

NOTE 10 – SIGNIFICANT CONCENTRATIONS

For the year ended June 30, 2019, the Foundation received approximately 30% of its total revenue, from state public school funds, approximately 50% of its total revenue from local state public school funds, and approximately 18% of its total revenue from federal programs.

For the year ended June 30, 2019, the Foundation had grant receivables from federal sources accounted for approximately 96% of total receivables.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 11 – CORRECTION OF AN ERROR

Subsequent to the issuance of the financial statements for the year ended June 30, 2018, the School determined that an over accrual of a liability in the prior year should not have occurred, resulting in an overstatement of amounts previously reported for liabilities, as well as an understatement of net assets and revenue with donor restrictions was not properly recognized as of July 1, 2018 as seen below.

	July 1, 2018	Adjustment	July 1, 2018 (as restated)
Statement of Activities:			
Net assets – beginning of year without donor restriction	\$ 1,398,840	\$ 28,673	\$ 1,427,513
Net assets – beginning of year with donor restriction	81,842	15,337	97,179
Net assets – beginning of year total	1,480,682	44,010	1,524,692

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 27, 2019, and determined that no material events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion of these financial statements.



Supplementary Information

Schedule of Compensation, Benefits, and Other Payments Made to Agency Head

For the year ended June 30, 2019

Agency Head Name: Hasan Suzuk, Executive Director

PURPOSE	AMOUNT
Salary	\$ 89,088
Benefits-health insurance	8,804
Benefits-Fica & Medicare	6,444
Benefits-retirement	4,442
Workers comp	24
Deferred compensation	-
Benefits-life insurance	-
Benefits-long term disability	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings & conventions	-
Other	-
Total	\$ 108,802

See independent auditors' report.



Carr, Riggs & Ingram, LLC
111 Veterans Memorial Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 837-9116
(504) 837-0123(fax)
www.CRIcpa.com

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
Pelican Educational Foundation, Inc.
Baton Rouge, 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 Pelican Educational Foundation, Inc. (the Foundation) (a nonprofit organization) (d/b/a Kenilworth Science & Technology Charter School), which comprise the statement of financial position at June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation'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 the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies in the Foundation's internal control to be material weaknesses as described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

December 27, 2019



Carr, Riggs & Ingram, LLC
111 Veterans Memorial Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 837-9116
(504) 837-0123(fax)
www.CRIcpa.com

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

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

Report on Compliance for the Major Federal Program

We have audited Pelican Educational Foundation Inc.'s (the Foundation) (a nonprofit organization) (d/b/a Kenilworth Science and Technology Charter School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation's major federal program for the year ended June 30, 2019. The Foundation's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control over Compliance

Management of the Foundation 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 the Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-003 that we consider to be a significant deficiency.

The Foundation's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Foundation's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

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

December 27, 2019

Pelican Educational Foundation, Inc.
Schedule of Expenditures of Federal Awards

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>	<i>Amount Passed Through to Subrecipient</i>	<i>Total Federal Expenditures (\$)</i>
United States Department of Education/Louisiana					
Department of Education					
Title I Grants to Local Educational Agencies	84.010		\$ 312,186	\$ -	\$ 312,186
Direct Student Services	84.010		10,361	-	10,361
Title I Grants to Local Educational Agencies Redesign Planning 1003A	84.010		118,448	-	118,448
Supporting Effective Instruction State Grants	84.367		37,032	-	37,032
Student Support and Academic Enrichment Program	84.424		22,922	-	22,922
Striving Readers Comprehensive Literacy	84.371C		5,356	-	5,356
United States Department of Education/ Special Education Cluster					
Special Education_Grants to States	84.027		99,587	-	99,587
Special Education - School Redesign Grant	84.027A		13,970	-	13,970
<i>Total Department of Education</i>			619,862	-	619,862
United States Department of Agriculture/Direct Program/Child Nutrition Cluster					
National School Lunch Program	10.555		192,583	-	192,583
National School Lunch Program (Commodities)	10.555		21,728	-	21,728
School Breakfast Program	10.553		86,903	-	86,903
Summer Food Service Program for Children	10.559		1,315	-	1,315
Total Child Nutrition Cluster			302,529	-	302,529
<i>Total United States Department of Agriculture</i>			302,529	-	302,529
Total Expenditures of Federal Awards			\$ 922,391	\$ -	\$ 922,391

See independent auditors' report.

See accompanying Note to the Schedule of Expenditures of Federal Awards.

Pelican Educational Foundation, Inc.
Note to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the revenues from federal awards of the Foundation as defined in Note 1 to the Foundation’s basic financial statements.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Foundation 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. The Foundation has not elected to use the 10% de minimis indirect rate allowed under the Uniform Guidance.

NOTE 3 – RECONCILIATION OF FEDERAL EXPENDITURES TO FEDERAL REVENUE

Below is a reconciliation of the schedule of expenditures of federal award to the federal revenues as presented on the statement of activities for the year ended June 30, 2019:

For the year ended June 30, 2019

Total Federal Expenditures	\$ 922,391
Child nutrition program net cash resources	18,757
Total Federal Revenues	<u>\$ 941,148</u>

NOTE 4 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the Foundation’s basic financial statements as program revenues.

NOTE 5 – LOAN

The Foundation did not expend federal awards related to loans or loan guarantees during the year.

NOTE 6 – FEDERALLY FUNDED INSURANCE

The Foundation has no federally funded insurance.



Pelican Educational Foundation, Inc.
Note to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

NOTE 7 – NONCASH ASSISTANCE

The Foundation received federal noncash assistance for the fiscal year ended June 30, 2019 for USDA donated commodities in the amount of \$21,728.

NOTE 8 – ON-BEHALF PAYMENTS

The Foundation did not have on-behalf payments.

Pelican Educational Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

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

Federal Awards

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

Name of Federal Award (or Cluster)	CFDA No.
Title 1 Grants to Local Education Agencies	84.010

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

Pelican Educational Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

2019-001: FINANCIAL REPORTING

Criteria:	Building improvements should be capitalized to construction in process as construction services performed and invoiced.
Condition:	The Foundation did not record building improvement as construction services performed.
Effect:	Presentation to users of financial statements may not be correct.
Cause:	The Foundation capitalized building improvements when the construction agreement was approved.
Auditors' Recommendation:	The Foundation should design, implement and monitor policies and procedures to properly capture and record building improvements as incurred through construction in process and place in service once construction complete and put in service.
Management's Response:	See corrective action plan on page 30.

2019-002: FINANCIAL CLOSE

Criteria:	Account balances at fiscal year-end should be reviewed for accuracy of balance.
Condition:	The Foundation did not review retirement plan liability accounts at fiscal year-end which caused an over accrual of liability from the Foundation to the Foundation sponsored 403b retirement plan.
Effect:	Presentation to users of financial statements may not be correct.
Cause:	Foundation's employer retirement plan liabilities were not corrected to account for the forfeitures in the plan used to reduce the Foundation's liability to the plan.
Auditors' Recommendation:	The School should design, implement and monitor policies and procedures to review all account balance at fiscal year-end for accuracy of the balance.
Management's Response:	See corrective action plan on page 31.

III – FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

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

Pelican Educational Foundation, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

IV – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

2019-003: REPORTING

Title and CFDA Number of Federal Program: CFDA 84.010 Title I – Grants to Local Educational Agencies

Federal Award Identification Number and Year: S010A130018 / 2019

Name of Federal Agency: Department of Education

Name of Pass-Through Grantor: Louisiana Department of Education

Questioned Costs: No questioned costs noted.

Criteria: Reporting - As described in 2 CFR Part 200.61, subrecipients of federal funds must design and implement internal controls designed to provide reasonable assurance regarding the achievement of the reliability of the reporting for internal and external use.

Condition: There is no control in place to review and approve the reimbursement requests before they are submitted to the federal agency for reporting purposes as required by 2 CFR Part 200, Appendix XI Compliance Supplement.

Effect: Lack of controls over this compliance requirement may impact compliance.

Cause: The Foundation has no control in place to review and approve the reimbursement requests before they are submitted to the federal agency.

Auditors' Recommendation: Management should design, implement, and document policies and procedures to review and approve the Title I reimbursement requests.

Management's Response: See corrective action plan on page 30.

V – MANAGEMENT LETTER

A management letter was issued for the year ended June 30, 2019.



Pelican Educational Foundation, Inc.
Summary Schedule of Prior Audit Findings
June 30, 2019

II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None issued.

III – FINDINGS RELATED TO COMPLIANCE AND OTHER MATTERS

None issued.

IV – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None issued.

V – MANAGEMENT LETTER

None issued.

2019-001: MATERIAL WEAKNESS: FINANCIAL REPORTING

Status: In progress.

Planned Corrective Action: Construction and renovation projects will be recorded as services are completed.

Responsible Party: Hasan Suzuk (Executive Director), Bilal Ozkan (Business Manager)

Anticipated Completion Date: January 30, 2020

2019-002: MATERIAL WEAKNESS: FINANCIAL CLOSE

Status: In progress.

Planned Corrective Action: Balance sheet account balances will be reviewed at monthly financial close for accuracy and completeness of accounts.

Responsible Party: Hasan Suzuk (Executive Director), Bilal Ozkan (Business Manager)

Anticipated Completion Date: January 30, 2020

2019-003: SIGNIFICANT DEFICIENCY: FINANCIAL CLOSE

Status: In progress.

Planned Corrective Action: Documentation of review of federal reimbursement requests will be obtained as part of the reimbursement process.

Responsible Party: Hasan Suzuk (Executive Director), Bilal Ozkan (Business Manager)

Anticipated Completion Date: January 30, 2020



Hasan Suzuk, Executive Director



Carr, Riggs & Ingram, LLC
111 Veterans Boulevard
Suite 350
Metairie, Louisiana 70005

(504) 837-9116
(504)837-0123(fax)
CRIcpa.com

December 27, 2019

To the Board of Directors
Pelican Education Foundation, Inc.

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

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 27, 2019, on the financial statements of the Foundation.

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

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

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

Findings 2019-004 Control Deficiency: Student Activity Funds

Criteria: Records of student activity funds collected should be maintained by source of deposit and used for the purpose for which it was generated or for the purposes selected by the depositing entities. [La RS 17:414.3]

Condition: The Foundation did not track student activity funds collected by source of deposit.

Cause: Student activity funds collected flow into the same bank account without the source being tracked by purpose.

Effect: Payments from the student activity bank account may not be for the purpose for which it was generated or for the purposes selected by the depositing entities.

Recommendation: The Foundation should design, implement and monitor policies and procedures to properly categorize student activity funds received based on guidance from the La RS 17:414.3.

PELICAN EDUCATION FOUNDATION, INC

BESE AGREED-UPON PROCEDURES REPORT

For the Year Ended June 30, 2019



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Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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

Our procedures and results are as follows:

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

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

Results: No exceptions were noted in performing this procedure.

Class Size Characteristics (Schedule 2)

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

Results: No exceptions were noted in performing this procedure.

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

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

Results: Exception noted; three (3) of twenty-five (25) individuals' experience level were incorrectly reported on the October 1st, 2018 PEP data.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Results: No exceptions were noted in performing this procedure.

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

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

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

December 27, 2019

Pelican Education Foundation, Inc.
Schedule 1 - General Fund Instructional and Support
Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2019

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	1,597,333	
Other instructional staff activities	136,781	
Instructional Staff Employee benefits	482,357	
Purchased professional and technical services	35,487	
Instructional materials and supplies	91,045	
Less instructional equipment	-	
Total teacher and student interaction activities	-	2,343,003

Other instructional activities	34,198	34,198
	-	-

Pupil support activities	152,107	
Less equipment for pupil support activities	-	
Net pupil support activities	-	152,107

Instructional Staff Services	90,521	
Less equipment for instructional staff services	-	
Net instructional staff services	-	90,521

School Administration	542,060	
Less: Equipment for School Administration	-	
Net School Administration	-	542,060

Total general fund instructional expenditures	-	\$ 3,161,889
---	---	--------------

* Remainder of the BESE Schedule 1 does not apply to the School.

See independent accountants' report on applying agreed-upon procedures.

Pelican Education Foundation, Inc.
Schedule 2 - Class Size Characteristics
For the Year Ended June 30, 2019

AS OF OCTOBER 1, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	23%	20	69%	61	8%	7	0%	0
Middle/Jr. High Activity Classes	14%	3	68%	15	18%	4	0%	0
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.

See independent accountants' report on applying agreed-upon procedures.



December 27, 2019

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to
Board of Elementary and Secondary Education Agreed-Upon Procedures
Pelican Educational Foundation

Dear Sirs:

Pelican Educational Foundation will review policies and procedures in regard to the comments for each schedule of performance and statistical data and make appropriate changes that will improve reporting on each schedule of performance and statistical data that are cost effective and within our budget constraints.

Sincerely,

A handwritten signature in black ink, appearing to read 'Hasan', is written over a large, faint, light-gray watermark of the Kenilworth 'K' logo.

Hasan Suzuk
Executive Director

PELICAN EDUCATIONAL FOUNDATION, INC.

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2019



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Carr, Riggs & Ingram, LLC
111 Veterans Memorial Blvd.
Suite 350
Metairie, Louisiana 70005

(504) 833-2436
(504) 484-0807 (fax)
www.CRIcpa.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Pelican Educational Foundation, Inc.
and the Louisiana Legislative Auditor
7600 Boone Avenue
Baton Rouge, Louisiana 70808

We have performed the procedures enumerated below, which were agreed to by Pelican Educational Foundation, Inc. (the Foundation) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Foundation's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the Foundation's written policies and procedures and observe that they address the following category and subcategories:
 - a) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: Exception noted; there are no established policies and procedures surrounding Disaster Recovery/Business Continuity.

Board

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

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

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

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

- b) Observe that the minutes referenced or included financial activity relating to public funds comprised more than 10% of the Foundation's collections during the fiscal period.

Results: Exception noted; one (1) of five (5) meetings did not reference or include financial activity relating to public funds.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing was complete. Ask management to identify the Foundation's main operating account. Select the Foundation's main operating account and randomly select all additional accounts (as less than five (5) additional accounts). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

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

- a) Bank reconciliations include evidence that they were prepared within 2 (two) months of the related statement closing date.

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

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initiated and dated, electronically logged); and

Results: Exception noted; there is no evidence that a member of management or the Board reviewed bank reconciliations.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date. **Results:** Exception noted; there is no evidence that twenty (20) reconciling items outstanding greater than 12 months were researched.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Select the only deposit site.

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

5. For the deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each (i.e. five (5) collection locations for five (5) deposit sites), obtain and inspect written policies and procedures relating the employee job duties at the one collection location, and observe that job duties are properly segregated at the one collection location such that:

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

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

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

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Results: Exception noted; the business manager is responsible for collecting cash, preparing/making bank deposits, and reconciling collection documentation.

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

Results: Exception noted; the business manager is responsible for collecting cash and posting entries to the general ledger.

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

Results: Exception noted; the business manager is responsible for collecting cash and reconciling cash collections to the general ledger.

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

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

7. Randomly select two (2) deposit dates for each of the Foundation's three (3) bank accounts for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same date). Obtain supporting documentation for each of the six (6) deposits and:

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

Results: Exception noted; there were no sequentially pre-numbered receipts for five (5) of six (6) deposits.

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

Results: Exception noted; there were no sequentially pre-numbered receipts for five (5) of six (6) deposits. Collection documentation did agree to the deposit slip.

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

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

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

Results: Exception noted; there were five (5) of six (6) deposits were not deposited within one business day of the receipt at the collection location.

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

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

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

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

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

December 27, 2019



December 27, 2019

Louisiana Legislative
Auditor 1600 North 3rd
Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures
Pelican Educational Foundation

Dear Sirs:

Pelican Educational Foundation will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,

A handwritten signature in black ink, appearing to read "Hasan Suzuk", is written over a light gray background.

Hasan Suzuk
Executive Director