

**LEGACY OF EXCELLENCE, INC.**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**TOGETHER WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**Legacy of Excellence, Inc.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Legacy of Excellence, Inc. (LoE)** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **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.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**Legacy of Excellence, Inc.**

**Auditors' Responsibility, Continued**

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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity'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 **LoE** 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.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**Legacy of Excellence, Inc.**

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CRF) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Also, the accompanying Schedule of Compensation, Benefits and Other Payments to the Chief Executive Officer/Principal is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
**Legacy of Excellence, Inc.**

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2019, on our consideration of LoE'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 LoE's internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

October 17, 2019

**LEGACY OF EXCELLENCE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**

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**ASSETS**

Cash	\$ 1,079,077
Cash restricted for student activities (NOTE 3)	146,511
Grants receivable (NOTE 4)	887,159
Prepaid expenses	565
Deposits	24,417
Equipment, net (NOTE 9)	<u>68,113</u>
 Total assets	 <u><u>\$ 2,205,842</u></u>

**LIABILITIES AND NET ASSETS**

Liabilities:	
Accounts payable	\$ 282,815
Accrued liabilities	<u>552,610</u>
 Total liabilities	 <u>835,425</u>
 Net Assets:	
Without donor restrictions (NOTE 1)	1,223,906
With donor restrictions (NOTES 1 and 16)	<u>146,511</u>
 Total net assets	 <u>1,370,417</u>
 Total liabilities and net assets	 <u><u>\$ 2,205,842</u></u>

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

**LEGACY OF EXCELLENCE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<b>REVENUES</b>	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Local sources:			
Minimum Foundation Program	\$ 4,836,922	\$ -	\$ 4,836,922
Contributions	231,157	-	231,157
Student activity fees	-	96,387	96,387
Other	57,442	-	57,442
Total local sources	<u>5,125,521</u>	<u>96,387</u>	<u>5,221,908</u>
State sources:			
Minimum Foundation Program	3,150,133	-	3,150,133
Grant	86,916	-	86,916
Other	4,622	-	4,622
Total state sources	<u>3,241,671</u>	<u>-</u>	<u>3,241,671</u>
Federal grants	<u>855,733</u>	<u>-</u>	<u>855,733</u>
Net assets released from restrictions (NOTE 16)	<u>91,876</u>	<u>(91,876)</u>	<u>-</u>
Total revenues	<u>9,314,801</u>	<u>4,511</u>	<u>9,319,312</u>
<b>EXPENSES</b>			
Program services	4,661,596	-	4,661,596
Supporting services	4,093,421	-	4,093,421
Total expenses	<u>8,755,017</u>	<u>-</u>	<u>8,755,017</u>
Change in net assets	559,784	4,511	564,295
Net assets, beginning of year	<u>664,122</u>	<u>142,000</u>	<u>806,122</u>
Net assets, end of year	<u>\$ 1,223,906</u>	<u>\$ 146,511</u>	<u>\$ 1,370,417</u>

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

**LEGACY OF EXCELLENCE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	PROGRAM SERVICES	SUPPORTING SERVICES	Total
	Instruction	Management and General	
Salaries	\$ 3,121,303	\$ 1,188,113	\$ 4,309,416
Employee benefits	1,125,657	400,825	1,526,482
Total salaries and employee benefits	4,246,960	1,588,938	5,835,898
Purchased professional and technical services	102,537	333,061	435,598
Purchased property services	19,956	276,915	296,871
Student transportation services	-	897,770	897,770
Insurance	-	153,843	153,843
Communications	6,779	-	6,779
Food service management	-	12,105	12,105
Other purchased services	-	55,877	55,877
Student activity	91,876	-	91,876
Supplies	192,770	25,796	218,566
Utilities	-	133,066	133,066
Equipment	718	-	718
Depreciation	-	4,007	4,007
Authorizer fee expense (NOTE 13)	-	558,943	558,943
Dues	-	49,885	49,885
Miscellaneous	-	3,215	3,215
Total expenses	<u>\$ 4,661,596</u>	<u>\$ 4,093,421</u>	<u>\$ 8,755,017</u>

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

**LEGACY OF EXCELLENCE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 564,295
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	4,007
Changes in assets and liabilities:	
Increase in grants receivable	(887,159)
Increase in deposits	(24,417)
Increase in prepaid expense	(565)
Increase in accounts payable	282,815
Increase in accrued liabilities	<u>552,610</u>
 Net cash provided by operating activities	 <u>491,586</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of equipment	<u>(72,120)</u>
 Net cash used in investing activities	 <u>(72,120)</u>
 Increase in cash	 419,466
Cash, beginning of year	<u>806,122</u>
Cash, end of year	<u><u>\$ 1,225,588</u></u>

**RECONCILIATION TO FINANCIAL STATEMENTS:**

Cash	\$ 1,079,077
Cash restricted for student activities	<u>146,511</u>
	<u><u>\$ 1,225,588</u></u>

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

**LEGACY OF EXCELLENCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General

**Legacy of Excellence, Inc. (LoE)** was awarded a Type 3 charter by NOLA Public Schools (formerly Orleans Parish School Board) in 2018 to operate Benjamin Franklin Math and Science Elementary School. The charter for **LoE** was approved for an initial five (5) year period that commenced on July 1, 2018 and expiring on June 30, 2023 and subject to renewal following the end of the initial operating period.

**LoE's** vision is to accelerate the learning of all students through data driven inquiry, reflective teaching and powerful learning. The mission of **LoE** is to educate children to excel academically and individually.

During the 2018-2019 school year, **LoE** provided educational services to students in pre-kindergarten through eighth grades, with a total enrollment at **LoE** of 781.

Basis of Accounting

**LoE's** financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**LEGACY OF EXCELLENCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Equipment

Fixed assets of LoE are recorded as assets (capitalized) and are stated at historical costs if purchased or at fair market value at the date of the gift, if donated. LoE follows the policy of capitalizing all individual fixed assets purchased or donated greater than \$1,000 or if acquired through a bulk purchase or donation greater than \$10,000, in aggregate. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation is provided utilizing the straight-line method over the estimated useful life of the asset, generally 3 to 20 years for improvements and for other property and equipment.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

Grant Revenue

Revenues from governmental grants are recognized when allowable expenditures are made by LoE. Funds received for specific purposes but not yet expended are recorded as deferred revenue.

Statement of Cash Flows

For the purpose of the statement of cash flows, cash equivalents include all highly liquid instruments purchased with original maturities of three (3) months or less. LoE had no cash equivalents at June 30, 2019.

**LEGACY OF EXCELLENCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Income Taxes

LoE is exempt from federal income taxes through Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. LoE files as a tax-exempt organization.

Basis of Reporting

During the 2019 fiscal year, LoE has implemented the guidance under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which amends the previous standard for external financial reporting by not-for-profit organizations. Under ASU 2016-14, LoE classifies resources for financial accounting and reporting purposes into two net asset categories: without donor restrictions and with donor restrictions. A description of the two net asset categories is as follows:

- Net assets without donor restrictions include funds not subject to donor-imposed stipulations. Grants and contributions without donor restrictions, other income and expenses incurred in conducting the mission of LoE are included in this category.
- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

**LEGACY OF EXCELLENCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Revenue and Support

Grants and contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Minimum Foundation Program (MFP)

In accordance with Louisiana state law, LoE receives annually a per pupil amount (MFP Funds) from NOLA Public Schools. NOLA Public Schools receives from LoE an administrative fee of 2% of MFP funds.

Other Funding

Other revenues received consist of federal and state grants, and other revenue sources.

NOTE 2 - FUNCTIONAL ALLOCATION EXPENSES:

The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program and support services in the accompanying Statement of Activities.

**LEGACY OF EXCELLENCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - STUDENT ACTIVITY FUNDS:**

**LoE** maintains a separate bank account for student activities. This account is collected for various activities from students and parents and are restricted for their collected purpose. Restricted school activity funds totaled \$146,511 at June 30, 2019.

**NOTE 4 - GRANTS RECEIVABLE:**

At June 30, 2019, grants receivable consisted of the following:

Title I	\$ 369,055
Title II	4,127
Charter School Grant Program	89,606
Teacher Incentive Fund	310,387
LA 4 State and Federal	66,109
Educational Excellent	29,126
8G	<u>18,749</u>
	<u>\$887,159</u>

**NOTE 5 - Liquidity and Availability of Financial Assets:**

**LoE** maintains adequate operating reserves. The current financial assets totaled \$1,966,236 are available for general expenditures, that is, without donor or other restrictions limiting their use.

**NOTE 6 - IN-KIND CONTRIBUTIONS:**

**LoE** also receives donated services from a number of unpaid volunteers assisting **LoE** with its programs, activities, and operations. An estimated value of these services cannot be reasonably determined as a result of the variety of services provided by the varying qualifications of the volunteers. Because the criteria for recognition under FASB ASC Section 958-605 have not been satisfied, these donated services have not been recorded in the financial statements.

**LEGACY OF EXCELLENCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 7 - RETIREMENT SYSTEM:**

Substantially all employees of LoE participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute 8% of the annual covered payroll to the plan. For the year ended June 30, 2019, LoE is required to contribute 26.7% of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee.

For the year ended June 30, 2019, LoE contributions to the plan totaled \$1,159,199, and are included in employee benefits on the statement of functional expenses.

**NOTE 8 - CONCENTRATION OF CREDIT RISK:**

LoE maintains non-interest-bearing accounts at a local bank. The Federal Deposit Insurance Corporation (FDIC) provides insurance coverage on deposit accounts for deposit amounts up to \$250,000. The FDIC insurance coverage limit applies per depositor, per insured depository institution for each account ownership category. Total uninsured cash balance at June 30, 2019 was \$829,077.

**LEGACY OF EXCELLENCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 9 - EQUIPMENT:**

At June 30, 2019, equipment is stated at cost as follows:

Equipment	\$ 72,120
Less: Accumulated depreciation	<u>(4,007)</u>
Net equipment	<u>\$ 68,113</u>

**NOTE 10 - RISK MANAGEMENT:**

**LoE** is exposed to various risks of loss related to torts, theft of, damage to and destruction of property for which **LoE** carries commercial liability insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**NOTE 11 - CONCENTRATION OF REVENUE SOURCE:**

MFP revenue accounts for 86% of **LoE's** total support for the year ended June 30, 2019. State and federal grants are on a cost-reimbursement basis and account for 10% of **LoE's** total support for the year ended June 30, 2019. If the amount of revenue received should fall below budgeted award levels, **LoE's** operating results could be adversely affected.

**NOTE 12 - FACILITY LEASE:**

**LoE** entered into a facility lease with the NOLA Public Schools to lease school property owned by NOLA Public Schools for purposes of **LoE** operating a charter school. The term of the facility lease commenced on July 1, 2018 and terminates on June 30, 2021. NOLA Public Schools may extend the term of the lease in accordance with the facility lease agreement.

In consideration of the use of NOLA Public Schools' school property, **LoE** agreed to pay NOLA Public Schools a use fee based on a formula to compute NOLA Public Schools' per pupil unit cost, as defined in section 4.1.2 of the facility lease agreement.

**LEGACY OF EXCELLENCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 12 - FACILITY LEASE (CONTINUED):**

LoE is responsible for the maintenance costs of the leased property and for property repairs costing \$10,000 or less. NOLA Public Schools is responsible for repairs in excess of \$10,000 that are not caused by the negligence of LoE. Any facility alterations to the lease property must be approved by NOLA Public Schools.

**NOTE 13 - AUTHORIZER FEE EXPENSE:**

Authorizer fee expense was incurred by LoE for services provided by NOLA Public Schools at June 30, 2019, as follows:

LEA service fee	\$387,670
E-rate service fee	13,491
MFP administrative fee	<u>157,782</u>
Total	<u>\$558,943</u>

**NOTE 14 - CONTINGENCY:**

LoE is a recipient of grants from the state, local and federal funding agencies. The grants are governed by various state, local and federal guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants are under the control and administration of LoE and are subject to audit and/or review by grantors. Any grant found to be not properly spent in accordance with the terms, conditions, and regulations of the state, local and federal agencies may be subject to recapture.

**NOTE 15 - BOARD OF DIRECTORS' COMPENSATION:**

The Board of Directors of LoE is a voluntary board; therefore, no compensation was paid to any board member during the year ended June 30, 2019.

**LEGACY OF EXCELLENCE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 16 - NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions in the amount of \$146,511 are available for student activities at June 30, 2019.

Net assets with donor restrictions in the amount of \$91,876 were released from restrictions by incurring expenses satisfying the student activity restrictions specified by donors at June 30, 2019.

**NOTE 17 - SUBSEQUENT EVENTS:**

**LoE** is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **LoE** performed such an evaluation through October 17, 2019, the date which the financial statements were available to be issued.

**NOTE 18 - NEW PRONOUNCEMENTS:**

The FASB issued Accounting Standards Update No. 2016-02 affecting ASC 842, *Leases*, which provides guidance for any entity that enters into a lease (as defined in this Update), with some specified scope exemptions. The guidance in this Update supersedes ASC 840 *Leases*. The primary objective of this Update is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities in the statement of financial position and disclosing key information about leasing arrangements. The amendments in this Update are effective for fiscal years beginning after December 15, 2019 and interim periods within fiscal years beginning after December 15, 2020.

**LoE** is currently assessing the impact of this new pronouncement on its financial statements.

LEGACY OF EXCELLENCE, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2019

SCHEDULE I

<u>Federal Grantor/Program Name</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<b><u>U.S. Department of Education</u></b>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Passed-Through: LA State Department of Education</u>		
Title I, Part A	84.010	\$ 417,854
Title II, Part A	84.367	4,128
Charter School Program	84.282	89,606
Teacher Incentive Fund	84.374	<u>310,387</u>
Total LA State Department of Education		<u>821,975</u>
Total U.S. Department of Education		<u>821,975</u>
<b><u>U.S. Department of Health and Human Services</u></b>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Passed-Through: LA State Department of Education</u>		
LA 4 Early Childhood Program	93.558	<u>33,758</u>
Total U.S. Department of Health and Human Services		<u>33,758</u>
Total Expenditures of Federal Awards		<u>\$ 855,733</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of LoE under programs of the federal government for the year ended June 30, 2019 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 (CFR) 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 in, or used in the preparation of, the basic financial

See independent auditors' report on supplementary information.

**LEGACY OF EXCELLENCE, INC.**  
**SCHEDULE OF COMPENSATION, BENEFITS AND**  
**OTHER PAYMENTS TO THE CHIEF EXECUTIVE OFFICER/PRINCIPAL**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**Chief Executive Officer/Principal Name: Charlotte L. Matthew**

<u>Purpose</u>	<u>Amount</u>
Salary	\$135,000
Benefits – insurance	4,715
Benefits – retirement	36,045
Bonus	-0-
Car allowance	-0-
Vehicle provided by government	-0-
Per diem	-0-
Reimbursements	434
Travel	-0-
Registration fees	-0-
Conference travel	-0-
Continuing professional education fees	-0-
License fees	-0-
Unvouchered expenses	-0-
NEIT Stipend	3,562
Special meals	-0-

See independent auditors' report on supplementary information.



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

To the Board of Directors of  
**Legacy of Excellence, Inc.**

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 **Legacy of Excellence, Inc. (LoE)** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2019.

**Internal Control Over Financial Reporting**

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

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  
(CONTINUED)

**Internal Control over Financial Reporting, Continued**

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 LOE'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*.

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  
(CONTINUED)

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

This report is intended solely for the use of the Board of Directors, its management, grantor agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

October 17, 2019



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

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To the Board of Directors of  
**Legacy of Excellence, Inc.**

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

We have audited **Legacy of Excellence, Inc.'s (LoE)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on **LoE's** major federal program for the year ended June 30, 2019. **LoE'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.

INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE, CONTINUED

---

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for LoE'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 LoE'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 LoE's compliance.

**Opinion on the Major Federal Program**

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

INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE, CONTINUED

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**Report on Internal Control Over Compliance**

Management of LoE 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 LoE'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 LoE'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.

INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE, CONTINUED

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**Purpose of this Report**

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

*Bruno & Tervalon LLP*

BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
New Orleans, Louisiana

October 17, 2019

**LEGACY OF EXCELLENCE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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We have audited the financial statements of the **Legacy of Excellence, Inc.** as of and for the year ended June 30, 2019, and have issued our report thereon dated October 17, 2019. 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. Our audit of the financial statements as of June 30, 2019, resulted in an unmodified opinion.

**SECTION I - Summary of Auditors' Results**

- A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None Reported**; material weaknesses: **No**.
- B. Noncompliance which is material to the financial statements: **No**.
- C. Significant deficiencies in internal control over major programs: **None Reported**  
Material weaknesses: **No**.
- D. The type of report issued on compliance for major programs: **Unmodified**.
- E. Any audit findings which are required to be reported under section 200.516 of OMB Uniform Guidance: **No**.
- F. Major program:  
Title I, Part A      CFDA Number – 84.010
- G. Dollar threshold used to distinguish between Type A and Type B programs:  
**\$750,000**.
- H. Auditee qualified as a low-risk auditee under section 200.520 of OMB Uniform Guidance: **No**.
- I. A management letter was issued: **No**.

**LEGACY OF EXCELLENCE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**SECTION II - Findings Related to the Financial Statements Required  
In Accordance with Government Auditing Standards**

No matters were reported.

**SECTION III - Federal Award Findings and Questioned Cost**

No matters were reported.

**LEGACY OF EXCELLENCE, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**Section I - Internal Control and Compliance Material to the Financial Statements**

Not applicable. No prior year audit performed.

**Section II - Internal Control and Compliance Material to Federal Awards**

Not applicable. No prior year audit performed.

**Section III - Management Letter**

Not applicable. No prior year audit performed.

LEGACY OF EXCELLENCE, INC.  
INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES

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To the Board of Directors of  
**Legacy of Excellence, Inc.**,  
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 management of **Legacy of Excellence, Inc. (LoE)**, 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 **LoE** 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 in compliance with Louisiana Revised Statute 24:514 I. Management of **LoE** 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 described on pages 3 to 5 either for the purpose for which this report has been requested or for any other purpose.

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.

INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES

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(CONTINUED)

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 **LoE**, as required by Louisiana Revised Statute 24:514 I, and the results of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Bruno & Tervalon LLP*

BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS  
New Orleans, Louisiana

October 17, 2019

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

---

**(CONTINUED)**

**PROCEDURES AND FINDINGS**

Our procedures and associated findings are as follows:

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

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

*No differences noted.*

**Class Size Characteristics (SCHEDULE 2, formerly SCHEDULE 6)**

2. We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2018 roll books for those classes and observed that the class was properly classified on the schedule.

*No differences noted.*

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

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**(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

**Education Levels/Experience of Public School Staff (No Schedule)**

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

*In two (2) of twenty-five (25) tested, we noted the education level reported on the October 1, 2018 PEP report did not in agree with the education level in the individual personnel file.*

**Management's Response**

One (1) of the two (2) employee's certification was correct on the PEP report. The personnel file had the incorrect certification. The second employee's certification was only a bachelor's degree so the master's degree indication on the PEP report was incorrect. The personnel file was correct. **LoE** will revise its procedures and establish controls to ensure verification of personnel files along with confirmation of the PEP report prior to submission.

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

---

**(CONTINUED)**

**PROCEDURES AND FINDINGS, CONTINUED**

***Public School Staff Data: Average Salaries (No Schedule)***

4. We obtained the June 30<sup>th</sup> PEP data submitted to the Department of Education 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 is complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data.

*In two (2) of twenty-five (25) tested, we noted the salary amount reported on the June 30, 2019 PEP report did not in agree with the salary offer letter in the individual personnel file.*

**Management's Response**

One (1) of the two (2) employee's salary amount was a transposed number on the PEP report: the employee was paid \$40,113, as indicated on the offer letter. The second employee had an incorrect offer letter in her personnel file. She was paid the correct salary amount in the 2019 fiscal year. LoE will revise its procedures and establish controls to ensure verification of personnel files along with confirmation of the PEP report prior to submission.

**LEGACY OF EXCELLENCE, INC.**  
**SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -**  
**PERFORMANCE AND STATISTICAL DATA)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

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

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

**SCHEDULE 2 - Class Size Characteristics (formerly SCHEDULE 6)**

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

**LEGACY OF EXCELLENCE, INC.**  
**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	\$ 2,397,029	
Other Instructional Staff Activities	724,274	
Employee Benefits	1,125,657	
Purchased Professional and Technical Services	102,537	
Instructional Materials and Supplies	192,529	
Instructional Equipment	<u>720</u>	
Total Teacher and Student Interaction Activities		4,542,746

Other Instructional Activities 26,734

Pupil Support Activities 305,753  
Less: Equipment for Pupil Support Activities -  
Net Pupil Support Activities 305,753

Instructional Staff Services 259,136  
Less: Equipment for Instructional Staff Services -  
Net Instructional Staff Services 259,136

School Administration 1,087,579  
Less: Equipment for School Administration -  
Net School Administration 1,087,579

Total General Fund Instructional Expenditures \$ 6,221,948

Total General Fund Equipment Expenditures \$ -

**Certain Local Revenue Sources**

## Local Taxation Revenue:

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

## Local Earnings on Investment in Real Property:

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

## State Revenue in Lieu of Taxes:

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

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -  
See accompanying independent accountants' report on applying agreed-upon procedures.

**LEAGACY OF EXCELLENCE, INC.**  
**Class Size Characteristics**  
**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	19.2%	40	25.5%	53	55.3%	115	0.0%	0
Elementary Activity Classes	23.5%	8	23.5%	8	52.9%	18	0.0%	0
Middle/Jr. High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Middle/Jr. High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0

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

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

LEGACY OF EXCELLENCE, INC.  
INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED JUNE 30, 2019



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

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To the Board of Directors of **Legacy of Excellence, Inc.**  
and the Louisiana Legislative Auditor:

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

This agreed-upon procedures engagement was performed 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 the report. Consequently, we make no representation regarding the sufficiency of the procedures described on pages 2 to 12 either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

**PROCEDURES AND FINDINGS**

The procedures and associated findings are as follows:

**Written Policies and Procedures**

1. We obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

**No exceptions were noted.**

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.

**No exceptions were noted.**

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

**No exceptions were noted.**

d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

**No exceptions were noted.**

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

**No exceptions were noted.**

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING STATEWIDE AGREED-UPON PROCEDURES  
(CONTINUED)**

- 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

**LoE's policies and procedures do not include (1) types of services requiring written contracts, (3) legal review, or (5) monitoring process.**

**Management Response**

We concur with the auditors' findings and will revise our procedures to include the items noted and establish controls to correct any deviations from the procedures.

- 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 of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

**No exceptions were noted.**

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

**No exceptions were noted.**

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

**LoE's policies and procedures do not include (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.**

**Management Response**

We concur with the auditors' findings and will revise our ethics policies and procedures to include (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**(CONTINUED)**

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

**Not applicable for nonprofit entities.**

- k) *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.

**LoE's policies and procedures does not include (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.**

**Management Response**

We concur with the auditors' findings and will draft policies and procedures regarding disaster recovery/business continuity that will include (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.

2. We obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observed 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.

**No exceptions were noted.**

- b) For those entities reporting on the governmental accounting model, we observed that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.

**No exceptions were noted.**

**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING STATEWIDE AGREED-UPON PROCEDURES**  
**(CONTINUED)**

***Bank Reconciliations***

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3. We obtained a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. We selected LoE's only bank account. We randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected account, and observed that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);  
**No exceptions were noted.**
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and  
**No exceptions were noted.**
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.  
**No exceptions were noted.**

***Collections (excluding EFTs)***

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4. We obtained 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. We selected the only 2 deposit sites.  
**No exceptions were noted.**
5. For each deposit site selected, we obtained a listing of collection locations and management's representation that the listing is complete. We randomly selected one collection location for each deposit site, obtained and inspected written policies and procedures relating to employee job duties at each collection location, and observed that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.  
**No exceptions were noted.**
  - 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.

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**No exceptions were noted.**

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

**No exceptions were noted.**

- 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.

**No exceptions were noted.**

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

**No exceptions were noted.**

- 7. We randomly selected two deposit dates for the only bank accounts tested for procedure #3 under "Bank Reconciliations" above. We obtained supporting documentation for each of the 3 deposits and:

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

**No exceptions were noted.**

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

**No exceptions were noted.**

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

**No exceptions were noted.**

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

**No exceptions were noted.**

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

**No exceptions were noted.**

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

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8. We obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. LoE has only 1 location that process payments.
9. For the only location selected under #8 above, we obtained a listing of those employees involved with non-payroll purchasing and payment functions. We obtained written policies and procedures relating to employee job duties, and observed that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.  
**No exceptions were noted.**
  - b) At least two employees are involved in processing and approving payments to vendors.  
**No exceptions were noted.**
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.  
**No exceptions were noted.**
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.  
**No exceptions were noted.**
10. For the only location selected under #8 above, we obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. We randomly selected 5 disbursements for the only location, obtained supporting documentation for each transaction and:
- a) Observed that the disbursement matched the related original invoice/billing statement.  
**No exceptions were noted.**
  - b) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.  
**No exceptions were noted.**

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

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

**No exceptions were noted.**

12. Using the listing prepared by management, we selected the only 2 cards that were used during the fiscal period. We randomly selected one monthly bank statement for the debit cards, obtained supporting documentation, and:

a) Observed that there is evidence that the monthly bank statement and supporting documentation (e.g., original receipts for debit card purchases) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

**No exceptions were noted.**

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

**No exceptions were noted.**

13. Using the monthly bank statements selected under #12 above, we randomly select 10 transactions from the bank statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

**No exceptions were noted.**

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

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14. We obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. We selected the only 3 reimbursements made during the fiscal period, obtained the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 3 reimbursements selected:

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

**No exceptions were noted.**

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

**No exceptions were noted.**

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

**No exceptions were noted.**

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

**No exceptions were noted.**

***Contracts***

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15. We obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. We obtained management's representation that the listing is complete. We randomly selected 5 contracts from the listing, excluding the practitioner's contract, and:

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

**No exceptions were noted.**

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

**No exceptions were noted.**

- c) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment.

**No exceptions were noted.**

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- d) We randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed that the invoice and related payment agreed to the terms and conditions of the contract.

**No exceptions were noted.**

***Payroll and Personnel***

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16. We obtained a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. We randomly selected 5 employees/officials, obtain related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

**No exceptions were noted.**

17. We randomly selected one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtained attendance records and leave documentation for the pay period, and:

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

**No exceptions were noted.**

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

**No exceptions were noted.**

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

**No exceptions were noted.**

18. We obtained a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. We randomly selected two employees/officials, obtained related documentation of the hours and pay rates used in management's termination payment calculations, agreed the hours to the employee/officials' cumulate leave records, and agreed the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

**No exceptions were noted.**

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

**No exceptions were noted.**

*Ethics*

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, we obtained ethics documentation from management, and:

- a. Observed that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

**In two (2) of five (5) employees tested, we noted no documentation that demonstrates each employee/official completed one hour of ethics training during the fiscal period.**

**Management's Response**

We concur with the auditors' findings and will revise our procedures to ensure all employees complete the one hour of ethics training, provide documentation upon completion, and establish controls to correct any deviations from the procedures.

- b. Observed that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

**In five (5) of five (5) employees tested, we noted no documentation that demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.**

**Management's Response**

We concur with the auditors' findings and will establish procedures and controls that ensure all employees attest through signature verification that he or she has read the entity's ethics policy during the fiscal period.

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*Other*

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21. We obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. We selected all misappropriations on the listing, obtain supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**No misappropriations of public funds or assets were reported during the period.**

22. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

**No exceptions were noted.**

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We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions, respectively, on those control and compliance 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 control and compliance 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 Legislative Auditor as a public document.



**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

October 17, 2019