

*Financial Report*

*Advocates for Arts-Based  
Education Corporation  
d/b/a The Willow School*

*June 30, 2023*

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**d/b/a The Willow School**  
New Orleans, Louisiana

June 30, 2023 and 2022

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**FINANCIAL SECTION**

## **INDEPENDENT AUDITOR’S REPORT**

To the Board of Trustees,  
Advocates for Arts-Based Education Corporation  
d/b/a The Willow School,  
New Orleans, Louisiana.

### **Opinion**

We have audited the accompanying financial statements of Advocates for Arts-Based Education Corporation d/b/a The Willow School (the “School”) (a non-profit organization) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Advocates for Arts-Based Education Corporation d/b/a The Willow School as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Report on Summarized Comparative Information**

We have previously audited the School's 2022 financial statements and expressed an unmodified audit opinion on those audited financial statements in our report dated December 28, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Reports on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule (Schedule 1) is presented for purposes of additional analysis and is required by Louisiana Revised Statute 24:513(a)(3). It 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 as a whole.

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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”), 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 schedule of expenditures of federal awards 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 March 5, 2024 on our consideration of the School’s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreement, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 School’s internal control over financial reporting and compliance.



Certified Public Accountants.

New Orleans, Louisiana,  
March 5, 2024.

**STATEMENT OF FINANCIAL POSITION**

**Advocates for Arts-Based Education Corporation**  
**d/b/a The Willow School**  
New Orleans, Louisiana

June 30, 2023  
(with comparative totals for 2022)

	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 3,134,696	\$ 1,633,553
Grants receivable	499,128	1,878,332
Prepaid expenses	190,807	254,415
Investments	12,484,553	14,960,565
Other	414,984	329,665
Property and equipment, net	13,120,637	10,792,872
Total assets	\$29,844,805	\$29,849,402
<b>LIABILITIES</b>		
Accounts payable	\$ 592,569	\$ 1,908,847
Accrued expenses	2,055,073	1,565,264
Loans payable	4,186,877	3,283,845
Total liabilities	6,834,519	6,757,956
<b>NET ASSETS</b>		
Without donor restrictions	22,771,657	22,770,166
With donor restrictions	238,629	321,280
Total net assets	23,010,286	23,091,446
Total liabilities and net assets	\$29,844,805	\$29,849,402

See notes to financial statements.

**STATEMENT OF ACTIVITIES**

**Advocates for Arts-Based Education Corporation**  
**d/b/a The Willow School**  
New Orleans, Louisiana

For the year ended June 30, 2023  
(with comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Totals	2022 Totals Only
<b>Revenues and Other Support</b>				
Contributions	\$ 246,161	\$ 128,377	\$ 374,538	\$ 101,939
Grants and funding programs:				
State - Minimum Foundation Program	7,671,845	-	7,671,845	6,966,317
Local - Minimum Foundation Program	14,314,961	-	14,314,961	11,472,555
Government grants - federal	1,186,145	-	1,186,145	2,234,567
Government grants - state	57,389	-	57,389	76,367
Student activity fees	913,967	-	913,967	817,415
Other revenue	901,062	-	901,062	857,814
Investment income (loss)	157,926	-	157,926	(493,567)
Net assets released from restrictions	211,028	(211,028)	-	-
	<b>25,660,484</b>	<b>(82,651)</b>	<b>25,577,833</b>	<b>22,033,407</b>
<b>Expenses</b>				
Program services	24,338,753	-	24,338,753	20,741,788
Management and general	1,270,613	-	1,270,613	1,211,844
Fundraising	49,627	-	49,627	75,092
	<b>25,658,993</b>	<b>-</b>	<b>25,658,993</b>	<b>22,028,724</b>
Increase (decrease) in net assets	1,491	(82,651)	(81,160)	4,683
<b>Net Assets</b>				
Beginning of year	22,770,166	321,280	23,091,446	23,086,763
End of year	<b>\$22,771,657</b>	<b>\$ 238,629</b>	<b>\$23,010,286</b>	<b>\$23,091,446</b>

See notes to financial statements.

**STATEMENT OF FUNCTIONAL EXPENSES**

**Advocates for Arts-Based Education Corporation**  
**d/b/a The Willow School**  
New Orleans, Louisiana

For the year ended June 30, 2023  
(with comparative totals for 2022)

	2023			Total Expenses	2022 Totals Only
	Program Services	Management and General	Fundraising		
Advertising	\$ 72,884	\$ -	\$ -	\$ 72,884	\$ 8,287
Conferences	900	-	-	900	4,345
Depreciation	429,477	22,604	-	452,081	159,006
Dues and fees	463,140	44,302	892	508,334	456,691
Employee benefits	1,104,660	61,371	4,424	1,170,455	1,031,216
Field trips	111,452	-	-	111,452	17,225
Information technology	97,263	2,391	205	99,859	196,414
Insurance	496,835	26,149	-	522,984	488,311
Interest	130,480	175	-	130,655	52,775
Legal and accounting	75,304	281,913	-	357,217	249,930
Occupancy	1,534,758	80,777	-	1,615,535	1,342,434
Office expenses	1,442,671	36,189	4,366	1,483,226	1,440,480
Other expenses	71,441	5,429	1,217	78,087	19,440
Other purchased services	286,934	-	-	286,934	132,520
Payroll taxes	251,383	13,829	2,074	267,286	214,482
Professional and technical services	782,055	-	-	782,055	464,768
Retirement contributions	3,112,478	115,113	10,343	3,237,934	2,980,188
Salaries and wages	13,568,234	578,051	26,106	14,172,391	12,598,577
Student transportation	199,284	-	-	199,284	52,745
Travel	107,120	2,320	-	109,440	118,890
	<u>\$24,338,753</u>	<u>\$1,270,613</u>	<u>\$49,627</u>	<u>\$25,658,993</u>	<u>\$22,028,724</u>

See notes to financial statements.

**STATEMENT OF CASH FLOWS**

**Advocates for Arts-Based Education Corporation**  
**d/b/a The Willow School**  
 New Orleans, Louisiana

For the year ended June 30, 2023  
 (with comparative totals for 2022)

	<u>2023</u>	<u>2022</u>
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	\$ (81,160)	\$ 4,683
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities:		
Depreciation	452,081	159,006
Unrealized loss (gain) on investments	(42,574)	647,248
Realized gain on investments	(16,717)	(15,963)
(Increase) decrease in assets:		
Grants receivable	1,379,204	(1,708,769)
Prepaid expenses	63,608	(26,544)
Other	(85,319)	36,806
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	281,434	377,361
Net cash provided by (used in) operating activities	<u>1,950,557</u>	<u>(526,172)</u>
<b>Cash Flows From Investing Activities</b>		
Property and equipment purchases	(2,756,817)	(6,317,257)
Proceeds from maturities of investments	5,554,811	6,015,503
Purchases of investments	<u>(3,019,508)</u>	<u>(4,719,575)</u>
Net cash used in investing activities	<u>(221,514)</u>	<u>(5,021,329)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from loan payable	1,083,536	3,283,845
Payments on loan payable	(180,504)	-
Payments on accounts payable used to finance acquisition of property and equipment	<u>(1,130,932)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>(227,900)</u>	<u>3,283,845</u>

**Exhibit D  
(Continued)**

	<u>2023</u>	<u>2022</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	1,501,143	(2,263,656)
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>1,633,553</u>	<u>3,897,209</u>
End of year	<u>\$3,134,696</u>	<u>\$1,633,553</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u>\$ 130,655</u>	<u>\$ 52,775</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
<b>Operating Activity:</b>		
Property and equipment acquired with accounts payable	<u>\$ 23,029</u>	<u>\$1,130,932</u>

See notes to financial statements

**NOTES TO FINANCIAL STATEMENTS****Advocates for Arts-Based Education Corporation  
d/b/a The Willow School  
New Orleans, Louisiana**

June 30, 2023 and 2022

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****a. Organization**

Advocates for Arts-Based Education Corporation d/b/a The Willow School (the “School”), incorporated on August 24, 2005, is an educational institution organized to improve student learning, to increase learning opportunities for all students, to encourage the use of innovative teaching methods, to be more thoroughly accountable for education results, and to create new professional opportunities for teachers and other school employees. The School operates a Lower School campus at 7315 Willow Street, a Middle School at 5625 Loyola Avenue, and a High School at 5624 Freret Street.

The Orleans Parish School Board (OPSB) approved the granting of a charter to the School effective January 1, 2006 for a period ending on December 31, 2011, to operate a Type 3 Charter School, as defined in LA R.S.17:3973(3)(b). On January 18, 2011, OPSB voted to renew the charter for a period of ten years. On December 8, 2020, OPSB voted to renew the charter for a period of ten years effective July 1, 2021.

Effective July 1, 2017, OPSB approved the first amendment to the charter operating agreement granting approval of the School to act as its own local educational authority (LEA) for one or more funding purposes or statutory definition, in accordance with LA R.S. §17:3995 and rules adopted by the Louisiana Board of Elementary and Secondary Education.

Effective July 1, 2022, the School changed its operating name to The Willow School.

**b. Basis of Accounting**

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting. The Financial Accounting Standards Board (FASB) is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**d. Cash and Cash Equivalents**

The School classifies as cash and cash equivalents all highly liquid debt instruments with an initial maturity of three months or less.

**e. Grants Receivables**

Grants receivables are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are fully collectible.

**f. Student Fee Receivables**

Student fee receivables are made up of amounts due for various fees including graduation, yearbooks, and elective activities. As of the years ended June 30, 2023 and 2022, these receivables totaled \$287,388 (net of allowance for uncollectible amounts of \$250,274) and \$210,803 (net of allowance for uncollectible amounts of \$112,783), respectively. These amounts are included in other assets on the Statements of Financial Position.

**g. Promises to Give**

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of June 30, 2023 and 2022, the School did not have outstanding conditional or unconditional promises to give.

**h. Investments**

Investments in U.S. Government and Government Agency bonds and notes and the mutual fund are stated at fair market value.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**i. Property, Equipment, and Depreciation**

Property and equipment are capitalized at cost and updated for additions and retirements during the year. The net carrying amount is considered the net realizable value. Donated property and equipment are recorded at fair market value as of the date received. The School maintains a capitalization threshold of \$5,000 for equipment in accordance with the *Louisiana Accounting and Uniform Governmental Handbook*. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed. Depreciation is provided utilizing the straight-line method over estimated useful lives of the assets.

**j. Compensated Absences**

All employees accrue ten days of leave each year, of which a maximum of ten days may be carried forward to the following fiscal year. The employee may use the leave days carried forward from the prior year but will receive no additional compensation. Upon termination, the employee will receive payment for a maximum of twenty days at a per diem rate of \$75. Unused leave over ten days at the end of the fiscal year are paid at the per diem rate. The School accrues leave and related payroll liabilities for all employees who have ten or less leave days at the per diem rate.

**k. Revenue Recognition**

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

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the School, or when earned under the terms of the grants.

Student activity fees are reported as an increase in net assets without donor restrictions when they are billed. Student activity fees consist of childcare, summer arts, and summer sports camp activities.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**l. Functional Allocation of Expenses**

The costs of providing programs and other activities are summarized in the Statement of Functional Expenses. To present expenses by functional classifications, expenses are charged to program services and supporting services (management and general expense and fundraising expense) based on management's estimate of periodic time and expense evaluations. Additionally, some expenses are allocated on the basis of management's estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the School.

**m. Contributed Nonfinancial Assets**

The School records the in-kind value of goods and services contributed to support various activities as support and related expenses. Contributed nonfinancial assets for the years ended June 30, 2023 and 2022 was deemed insignificant.

**n. Financial Statement Presentation**

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net Assets Without Donor Restrictions** - Support, revenue, and expenses for general operations.

**Net Assets With Donor Restrictions** - Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period or contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the School.

**o. Tax Matters**

The School has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to Federal income tax unless the School has unrelated trade or business income.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2023, management of the School believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2020 and later remain subject to examination by the taxing authorities.

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**p. Recently Issued Accounting Standards**

**Leases**

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, “Leases” (Topic 842). ASU No. 2016-02 requires that a lease liability and related right-of-use asset representing the lessee’s right to use or control the asset be recorded on the Statement of Financial Position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the Statement of Activities and the Statement of Cash Flows will be substantially unchanged from the existing lease accounting guidance. The adoption of the standard during the year ended June 30, 2023 did not have a material effect on the School’s financial statements.

In November 2021, the FASB issued ASU No. 2021-09, “Leases” (Topic 842) “*Lease Discount Rate for Lessees That Are Not Public Business Entities*” currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. The adoption of the standard during the year ended June 30, 2023 did not have a material effect on the School’s financial statements.

**p. Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 5, 2024, which is the date the financial statements were available to be issued.

**Note 2 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30, 2023 and 2022 are restricted for the following purposes:

	2023	2022
Subject to expenditure for specified purpose:		
Instructional and other	\$238,629	\$321,280

**Note 3 - INVESTMENTS**

Investments as of June 30, 2023 and 2022 are composed of the following:

	2023		
	Cost	Fair Market Value	Excess of Cost Over Market
U.S. Government and Government Agency bonds and notes	\$ 12,540,162	\$ 12,031,585	\$ (508,577)
Mutual funds	452,968	452,968	-
Totals	\$ 12,993,130	\$ 12,484,553	\$ (508,577)
	2022		
	Cost	Fair Market Value	Excess of Cost Over Market
U.S. Government and Government Agency bonds and notes	\$ 15,075,902	\$ 14,524,751	\$ (551,151)
Mutual funds	435,814	435,814	-
Totals	\$ 15,511,716	\$ 14,960,565	\$ (551,151)

**Note 3 - INVESTMENTS (Continued)**

Investment activity for the years ended June 30, 2023 and 2022 is as follows:

	<u>Cost</u>	<u>Market</u>	<u>Excess of Cost Over Market</u>
Balances as of June 30, 2023	<u>\$ 12,993,130</u>	<u>\$ 12,484,553</u>	\$(508,577)
Balances as of June 30, 2022	<u>\$ 15,511,716</u>	<u>\$ 14,960,565</u>	(551,151)
Decrease in unrealized depreciation			42,574
Net realized gain			16,717
Interest and dividend income			<u>98,635</u>
Net investment income - 2023			<u>\$ 157,926</u>
			<u>Excess of Market Over Cost (Cost Over Market)</u>
	<u>Cost</u>	<u>Market</u>	
Balances as of June 30, 2022	<u>\$ 15,511,716</u>	<u>\$ 14,960,565</u>	\$(551,151)
Balances as of June 30, 2021	<u>\$ 16,791,681</u>	<u>\$ 16,887,778</u>	96,097
Decrease in unrealized appreciation			(647,248)
Net realized gain			15,963
Interest and dividend income			<u>137,718</u>
Net investment loss - 2022			<u>\$(493,567)</u>

**Note 4 - FAIR VALUE MEASUREMENTS**

The framework for measuring fair value provides a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under the Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School has the ability to access.

**Note 4 - FAIR VALUE MEASUREMENTS (Continued)**

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

- *U.S. Government and Government Agency Bonds and Notes*: Valued at the closing price reported on the active market on which the individual securities are traded. These are included in Level 1 of the fair value hierarchy.
- *Mutual funds*: Valued at the daily closing price as reported by the fund. Mutual funds held by the School are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the School are deemed to be actively traded.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Note 4 - FAIR VALUE MEASUREMENTS (Continued)**

As of June 30, 2023 and 2022, assets measured at fair value on a recurring basis are comprised of and determined as follows:

Description	Fair Value As of June 30, 2023	Based on		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
U.S. Government and Government Agency bonds and notes	\$ 12,031,585	\$ 12,031,585	\$ -	\$ -
Mutual funds	452,968	452,968	-	-
Totals	<u>\$ 12,484,553</u>	<u>\$ 12,484,553</u>	<u>\$ -</u>	<u>\$ -</u>

Description	Fair Value As of June 30, 2022	Based on		
		Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
U.S. Government and Government Agency bonds and notes	\$ 14,524,751	\$ 14,524,751	\$ -	\$ -
Mutual funds	435,814	435,814	-	-
Totals	<u>\$ 14,960,565</u>	<u>\$ 14,960,565</u>	<u>\$ -</u>	<u>\$ -</u>

As of June 30, 2023 and 2022, there were no assets measured at fair value on a non-recurring basis.

**Note 5 - PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2023 and 2022 consists of the following:

	2023	2022
Site improvements	\$ 6,870,396	\$ 1,096,324
Building improvements	7,317,093	2,907,280
Equipment	2,251,955	2,058,662
Construction in progress	-	7,597,331
	16,439,444	13,659,597
Less accumulated depreciation	(3,318,807)	(2,866,725)
Totals	\$ 13,120,637	\$ 10,792,872

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$452,081 and \$159,006, respectively.

**Note 6 - LOANS PAYABLE**

The School entered into a multiple advance loan agreement with Hancock Whitney Bank on May 20, 2021 to borrow funds for the construction of a new football field. The loan commitment provided for advances up to the amount of \$4,375,000. During the construction period, the loan was due in monthly interest-only payments. On January 21, 2023, the advance loan agreement was converted to a term loan payable in 60 monthly installments of principal and interest based on a 120-month amortization with all remaining principal due upon maturity on January 21, 2028. The loan bears interest at a fixed rate of 3%. As of June 30, 2023 and 2022, the outstanding balance on the loan was \$4,186,877 and \$3,283,845, respectively. During the years ended June 30, 2023 and 2022, interest expense on the loan totaled \$130,480 and \$51,492, respectively.

Future principal payments on the note as of June 30, 2023 are summarized as follows:

Year Ended June 30,	
2024	\$ 385,684
2025	397,911
2026	410,184
2027	422,836
2028	2,570,262
Total	\$ 4,186,877

**Note 7 - LEASES**

The School has a lease agreement for six modular buildings to be used as classrooms on the Willow Street Campus. Beginning in August 2019, the lease was converted to a month-to-month basis.

In addition, the School rents sport fields, event spaces, storage spaces, and various equipment during the year as needed.

Rent expense for the years ended June 30, 2023 and 2022 totaled \$74,863 and \$178,337, respectively, and is included with occupancy on the Statement of Functional Expenses.

**Note 8 - RETIREMENT PLANS**

Substantially all employees of the School 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 (IRC). 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 to the plan 8% of their annual covered payroll; the School was required to contribute 24.8% and 25.2% respectively, of the annual covered payroll of each participating employee for the years ended June 30, 2023 and 2022. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the years ended June 30, 2023 and 2022, School contributions to this plan totaled \$3,237,934 and \$2,980,188, respectively.

The School also sponsors a deferred compensation plan pursuant to Section 403(b) of the IRC for the benefit of its employees. Eligible employees may elect to contribute a portion of their salary to the plan, subject to limits established by the Internal Revenue Service. The plan does not permit employer contributions.

Additionally, the School sponsored a deferred compensation plan under IRC section 457(b) for the benefit of one highly compensated employee who is not eligible to participate in the TRSL plan. The School did not contribute to the 457(b) plan during the year ended June 30, 2023. The School's contributions to the 457(b) plan totaled \$27,055 for the year ended June 30, 2022.

**Note 9 - GRANTS AND FUNDING**

The details of the most significant grants and funding arrangements are as follows:

The United States Department of Education passed through grants to The Louisiana Department of Education (LDOE), which were awarded to the School as a subrecipient, to assist meeting the costs of providing special education and related services to children with disabilities. The grant funds must be used to provide special education and related services to eligible children. For the years ended June 30, 2023 and 2022, the School recognized revenue under these grants of \$238,064 and \$204,788, respectively.

The United States Department of Education passed through a grant to the LDOE, which was awarded to the School as a subrecipient, which provides financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards. For the years ended June 30, 2023 and 2022, the School recognized revenue under this grant of \$254,994 and \$213,329, respectively.

OPSB provides funding for the general use of the School which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. Revenues received by OPSB from sales tax revenues, ad valorem taxes, and other sources are allocated to each school based on its enrollment. For the years ended June 30, 2023 and 2022, the School recognized revenue under this program of \$14,314,961 and \$11,472,555, respectively.

The State of Louisiana provides funding for the general use of the School which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1<sup>st</sup>. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the years ended June 30, 2023 and 2022, the School recognized revenue under this program of \$7,671,845 and \$6,966,317, respectively.

The United States Department of Education passed through grants to LDOE, which were awarded to the School as a subrecipient, which provide aid under the Coronavirus Aid, Relief, and Economic Security Act. The grants were awarded to address the impact that the Coronavirus (COVID-19) has had, and continues to have, on elementary and secondary schools across the Nation. For the years ended June 30, 2023 and 2022, the School recognized revenue from these grants totaling 613,892 and \$1,718,424, respectively.

**Note 10 - AVAILABILITY OF FINANCIAL ASSETS**

The School is substantially supported by grants and contributions on an unrestricted and restricted basis. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its grantors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, management established a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Management established guidelines for making decisions related to managing short-term cash reserves and other investments in a prudent manner.

The following reflects the School's financial assets as of June 30, 2023, reduced by amounts not available for general use because of donor-imposed restrictions.

Financial assets:	
Cash and cash equivalents	\$ 3,134,696
Grants receivable	499,128
Investments	<u>12,484,553</u>
Total financial assets as of June 30, 2023	16,118,377
Less amounts unavailable for general expenditures within one year, due to:	
Donor imposed restrictions:	
Restricted by donors with time or purpose restriction	<u>(238,629)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 15,879,748</u></u>

**Note 11 - SCHOOL OPERATIONS/LEASEHOLD INTEREST**

Effective January 1, 2006, the School entered into an agreement with OPSB, which allows the School to use the facilities and its contents located at 7315 Willow Street and 5624 Freret Street, or any other locations as may be approved by the School and OPSB. The agreement was scheduled to expire on December 31, 2011. During 2011, this agreement was renewed by OPSB for an additional ten years expiring on June 30, 2021. During 2021, this agreement was renewed by OPSB for an additional ten years expiring on June 30, 2031 and the Marsalis Campus at 5625 Loyola Avenue was added to the agreement.

**Note 11 - SCHOOL OPERATIONS/LEASEHOLD INTEREST (Continued)**

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

Use of the property is not recorded as an in-kind contribution from OPSB and related rent expense. The value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

**Note 12 - COMMITMENTS**

The School has employment contracts as is standard in the field of education with most of its teachers and which expired June 30, 2023. All contracts provide for a minimum annual salary and other benefits.

During the year ended June 30, 2023, NOLA Public Schools (NOLAPS) began a construction project at the Elijah Brimmer, Jr. campus that included exterior masonry work, roofing repairs, replacement of all windows with aluminum historic replica, and interior repairs. The costs related to this project are the responsibility of NOLAPS.

**Note 13 - RISK MANAGEMENT**

The School is exposed to various risks of loss from torts, theft and damage to assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims or unsettled claims that exceeded this commercial coverage during the years ended June 30, 2023 and 2022.

**Note 14 - CONCENTRATIONS OF RISK**

The School received a substantial amount of its revenue through grants and funding programs awarded by the federal, state, and local governments for the years ended June 30, 2023 and 2022, which was approximately \$23,250,000 and \$20,750,000, respectively, or 91% and 94% of total revenue for each of the years ended June 30, 2023 and 2022, respectively.

All of the School's students live in the greater New Orleans area.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. The School has a written policy for custodial credit risk. As of June 30, 2023, the School's bank balances, including money market funds, were approximately \$3,396,000. Balances insured by the Federal Deposit Insurance Corporation, which covers up to \$250,000 per financial institution, totaled \$250,000 as of June 30, 2023. The remaining deposits of approximately \$3,146,000 were uninsured and collateralized with pledged securities of \$26,000,000 held by the pledging financial institution's trust department or agent, but not in the School's name.

**Note 15 - CONTINGENCIES**

The School has been named as a defendant in a lawsuit. At the present time, the outcome of this litigation is not determinable.

**SUPPLEMENTARY INFORMATION**

**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER  
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

**Advocates for Arts-Based Education Corporation  
d/b/a The Willow School  
New Orleans, Louisiana**

For the year ended June 30, 2023

**Agency Head Name:** Nicolette London, Chief Executive Officer

**Purpose**

Salary	\$191,267
Benefits - insurance	4,959
Benefits - retirement	15,301 <sup>1</sup>
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses	-
Special meals	-
State of LA - Professional Improvement Program (PIP) Compensation	-
	<hr/>
	<b><u>\$211,527</u></b>

<sup>1</sup> Paid to Teacher Retirement System of Louisiana

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

**INDEPENDENT AUDITOR’S 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 Trustees,  
Advocates for Arts-Based Education Corporation  
d/b/a The Willow School,  
New Orleans, Louisiana.

We have audited, 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 of America, the financial statements of Advocates for Arts-Based Education Corporation d/b/a The Willow School (a non-profit organization) (the “School”) which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the School’s financial statements, and have issued our report thereon dated March 5, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School’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 a material weakness 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 or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free of 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants.

New Orleans, Louisiana,  
March 5, 2024.

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

To the Board of Directors,  
Advocates for Arts-Based Education Corporation  
d/b/a The Willow School,  
New Orleans, Louisiana.

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

**Opinion on Each Major Federal Program**

We have audited the compliance of Advocates for Arts-Based Education Corporation d/b/a The Willow School (the “School”) with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the School’s major federal programs for the year ended June 30, 2023. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control over Compliance**

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

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

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

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

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana.  
March 5, 2024.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Advocates for Arts-Based Education Corporation  
d/b/a The Willow School  
New Orleans, Louisiana**

For the year ended June 30, 2023

<u>Federal Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Subrecipient Costs</u>
<b>United States Department of Education</b>			
Pass-through Programs From:			
<u>Louisiana Department of Education:</u>			
Special Education Cluster (IDEA):			
Special Education Grants to States (IDEA, Part B)	84.027	\$ 236,891	\$ -
Special Education Preschool Grants (IDEA Preschool)	84.173	<u>1,173</u>	<u>-</u>
Total Special Education Cluster (IDEA)		238,064	-
Other Programs:			
Title I Grants to Local Educational Agencies	84.010	254,994	-
Supporting Effective Instruction State Grant (Title II, Part A)	84.367	35,774	-
Student Support and Academic Enrichment Program (Title IV, Part A)	84.424	43,421	-
Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act	84.425	<u>613,892</u>	<u>-</u>
Total expenditures of Federal awards		<u>\$1,186,145</u>	<u>\$ -</u>

# **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Advocates for Arts-Based Education Corporation  
d/b/a The Willow School  
New Orleans, Louisiana**

For the year ended June 30, 2023

## **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **a. General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards of Advocates for Arts-Based Education Corporation d/b/a The Willow School (the “School”). The School’s reporting entity is defined in Note 1 to the financial statements for the year ended June 30, 2023. All federal awards received directly from federal agencies are included on the schedule, as well as federal awards passed-through other government agencies.

### **b. Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the School’s financial statements for the year ended June 30, 2023.

### **c. Indirect Cost Rate**

The School has not elected to use the 10% de minimus indirect cost rate as allowed under Uniform Guidance.



**Section I - Summary of Auditor's Results (Continued)**

c) Identification of Major Programs:

<u>ALN Number</u>	<u>Name of Federal Program</u>
84.425	United States Department of Education Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act

Dollar threshold used to distinguish  
between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee?  Yes  No

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters  
Material to the Basic Financial Statements**

**Internal Control Over Financial Reporting**

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2023.

**Compliance and Other Matters**

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2023.

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

**Internal Control/Compliance**

There were no findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2023 related to internal control and compliance material to federal awards.

**REPORTS BY MANAGEMENT**

# **SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES**

## **Advocates for Arts-Based Education Corporation d/b/a The Willow School New Orleans, Louisiana**

For the year ended June 30, 2023

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

#### **Internal Control Over Financial Reporting**

There were no findings noted during the audit for the year ended June 30, 2022 related to internal control over financial reporting material to the basic financial statements.

#### **Compliance and Other Matters**

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2022 related to compliance and other matters.

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

#### **Internal Control Over Financial Reporting**

No internal control over financial reporting findings were reported during the audit for the year ended June 30, 2022.

#### **Compliance and Other Matters**

No compliance findings material to the financial statements were reported during the audit for the year ended June 30, 2022.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2022.

# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **Advocates for Arts-Based Education Corporation d/b/a The Willow School New Orleans, Louisiana**

For the year ended June 30, 2023

### **Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements**

#### **Internal Control Over Financial Reporting**

There were no findings noted during the audit for the year ended June 30, 2023 related to internal control over financial reporting material to the basic financial statements.

#### **Compliance and Other Matters**

There were no findings material to the financial statements noted during the audit for the year ended June 30, 2023 related to compliance and other matters.

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

There were no findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2023, related to internal control and compliance material to federal awards.

### **Section III - Management Letter**

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2023.

**SCHEDULES REQUIRED BY STATE LAW**  
**(R.S. 24:524 - PERFORMANCE AND STATISTICAL DATA)**  
**(UNAUDITED)**

**INDEPENDENT ACCOUNTANT’S REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Trustees,  
Advocates for Arts-Based Education Corporation  
d/b/a The Willow School,  
New Orleans, Louisiana.

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Advocates for Arts-Based Education Corporation d/b/a The Willow School (the “School”), for the fiscal year ended June 30, 2023, and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514(I). Management of the School is responsible for its performance and statistical data.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Our procedures and associated findings are as follows:

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 2)**

1. We selected a random 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 Schedule 2.
  - Total General Fund Instructional Expenditures
  - Total General Fund Equipment Expenditures

**Results:** No exceptions were noted.

### **Class Size Characteristics (Schedule 3)**

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We traced a sample of 10 classes to the October 1, 2022 roll books for those classes and observed that the class was properly classified on the schedule.

**Results:** No exceptions were noted.

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

3. We obtained the October 1, 2022 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

**Results:** No exceptions were noted.

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

4. We obtained the June 30, 2023 PEP data submitted to the Department of Education (or equivalent listing provided by management), of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the listing was complete. We selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

**Results:** No exceptions where noted.

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

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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 the Advocates for Arts-Based Education Corporation d/b/a The Willow School 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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
March 5, 2024.

**GENERAL FUND INSTRUCTIONAL AND SUPPORT  
EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES**

**Advocates for Arts-Based Education Corporation  
d/b/a The Willow School  
New Orleans, Louisiana**

For the year ended June 30, 2023  
(Unaudited)

**General Fund Instructional and Equipment Expenditures**

Instructional Expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 7,677,279
Other instructional staff salaries	460,166
Instructional staff employee benefits	2,765,644
Purchased professional and technical services	869,205
Instructional materials and supplies	<u>635,593</u>

Total teacher and student interaction activities \$ 12,407,887

Other instructional activities 169,470

Pupil support services 1,204,099

Less: equipment for pupil support services -

Net pupil support services 1,204,099

Instructional staff services 988,465

Less: equipment for instructional staff services -

Net instructional staff services 988,465

School administration 3,618,801

Less: equipment for school administration (540,044)

Net school administration 3,078,757

Total instructional expenditures \$ 17,848,678

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

See independent accountant's report on applying Agreed-Upon Procedures.

**CLASS SIZE CHARACTERISTICS****Advocates for Arts-Based Education Corporation  
d/b/a The Willow School**

New Orleans, Louisiana

As of October 1, 2022  
(Unaudited)

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	-	-	-	-	-	-	-	-
Middle/Jr. High activity classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High activity classes	-	-	-	-	-	-	-	-
Combination	62%	529	36%	312	2%	19	0%	-
Combination activity classes	62%	81	38%	49	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 independent accountant's report on applying Agreed-Upon Procedures.

**STATEWIDE AGREED-UPON PROCEDURES**

**INDEPENDENT ACCOUNTANT’S REPORT ON**  
**APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors,  
Advocates for Arts-Based Education Corporation  
d/b/a The Willow School,  
New Orleans, Louisiana.

We have performed the procedures described in Schedule 4 on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor’s (LLA) Statewide Agreed-Upon Procedures (SAUP) for the fiscal period July 1, 2022 through June 30, 2023. Advocates for Arts-Based Education Corporation d/b/a The Willow School (the “School”) management is responsible for those C/C areas identified in the SAUPs.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in the LLA’s SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described in Schedule 4.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on these C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on 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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

New Orleans, Louisiana,  
March 5, 2024.

**SCHEDULE OF PROCEDURES AND ASSOCIATED FINDINGS**  
**OF THE STATEWIDE AGREED-UPON PROCEDURES**

**Advocates for Arts-Based Education Corporation**  
**d/b/a The Willow School**  
New Orleans, Louisiana

For the year ended June 30, 2023

The required procedures and our findings are as follows:

**1) Procedures Performed on the School's Written Policies and Procedures:**

A. Obtain and inspect the School's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the School's operations:

i. Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

ii. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iii. Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

iv. Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all types of collections for each type of revenue or agency funds addition. (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).

Performance: Obtained and read the written policy for receipts/collections and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

**1) Procedures Performed on the School's Written Policies and Procedures: (Continued)**

- v. Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.  
Performance: Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- vi. Contracting, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.  
Performance: Obtained and read the written policy for contracting and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- vii. Travel and Expense Reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.  
Performance: Obtained and read the written policy for travel and expense reimbursement and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- viii. Credit Cards (and debit cards, fuel cards, purchase cards, if applicable), including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).  
Performance: Obtained and read the written policy for credit cards and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- ix. 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) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the School's ethics policy.  
Performance: Obtained and read the written policy for ethics and found it to address all the functions listed above.  
Exceptions: There were no exceptions noted.
  
- x. 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 not-for-profit entities.

**1) Procedures Performed on the School's Written Policies and Procedures: (Continued)**

- xi. Information Technology Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups; (2) storage of backups in a separate physical location isolated from the network; (3) periodic testing/verification that backups can be restored; (4) use of antivirus software on all systems; (5) timely application of all available system and software patches/updates; and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Performance: Obtained and read the written policy for information technology disaster recovery/business continuity and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

- xii. Prevention of Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting. Not applicable for not-for-profit entities.

**2) Procedures Performed on the School's Board:**

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

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

Performance: The School's bylaws require 1 annual and 8 additional meetings. We obtained and read minutes from 10 board meetings during the year ended June 30, 2023. The frequency of and quorum representation of those meetings was considered to be appropriate.

Exceptions: There were no exceptions noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the School's collections during the fiscal period.*

Performance: Inspected meeting minutes and confirmed that the minutes referenced or included budget-to-actual comparisons relating to public funds.

Exceptions: There were no exceptions noted.

**2) Procedures Performed on the School's Board: (Continued)**

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observed that the minutes for at least 1 meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Not applicable. The School is a nonprofit organization. The governmental accounting model is not applicable.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved

Not applicable. The School did not have audit findings for the year ended June 30, 2022.

**3) Procedures Performed on the School's Bank Reconciliations:**

- A. Obtain a listing of the School's bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the School's main operating account. Select the School's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain, and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Performance: Obtained monthly bank reconciliations for the month of March 2023 for the main operating bank account and 2 other accounts (the School only has 3 accounts). Inspected management's documentation for timely preparation of the bank reconciliations.

Exceptions: There were no exceptions noted.

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

Performance: Inspected the School's documentation for the March 2023 bank reconciliations for the 3 bank accounts and verified a member of management who does not handle cash, post ledgers, or issue checks has reviewed the bank reconciliation.

Exceptions: There were no exceptions noted.

**3) Procedures Performed on the School's Bank Reconciliations (Continued):**

- iii. 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.

Performance: Inspected documents for items outstanding for more than 12 months.

We noted no checks outstanding for longer than 12 months as of the end of the fiscal period.

Exceptions: There were no exceptions noted.

**4) Procedures Performed on the School's Collections (Excluding Electronic Funds Transfers):**

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/check/money order (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Performance: Obtained the listing of deposit sites from management and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Obtained the listing of collection locations from management and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of management as to all of the requirements.

Exceptions: There were no exceptions noted.

- ii. Each employee responsible for collecting cash is also 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.

Performance: Inspected policy manuals, inquired of management as to all of the requirements.

Exceptions: There were no exceptions noted.

**4) Procedures Performed on the School's Collections (Excluding Electronic Funds Transfers): (Continued)**

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

Performance: Inspected policy manuals, inquired of management as to all of the requirements.

Exceptions: There were no exceptions noted.

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

Performance: Inspected policy manuals, inquired of management as to all of the requirements.

Exceptions: There were no exceptions noted.

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

Performance: Obtained a copy of the insurance policy for theft covering all employees who have access to cash. Observed that the insurance policy for theft was enforced during the fiscal period.

Exceptions: There were no exceptions noted.

- D. Randomly select two deposit dates for each of the School's 3 bank accounts selected for procedures #3A under "Procedures Performed on the School's Bank Reconciliations" (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 2 deposits selected (2 bank accounts did not have any deposits on the date selected or following date) and:

- i. Observe that receipts are sequentially pre-numbered.

Performance: Obtained supporting documentation for the selected deposits and observed that receipts were sequentially pre-numbered.

Exceptions: There were no exceptions noted.

- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performance: Traced supporting documentation to the deposit slip.

Exceptions: There were no exceptions noted.

**4) Procedures Performed on the School's Collections (Excluding Electronic Funds Transfers): (Continued)**

- iii. Trace the deposit slip total to the actual deposit per the bank statement.  
Performance: Traced deposit slip total to actual deposit per bank statement.  
Exceptions: There were no exceptions noted.
  
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).  
Performance: Observed the date of deposits and compared that to evidence of date of receipt.  
Exceptions: One deposit took greater than one business day from receipt to be deposited. Exception noted.
  
- v. Trace the actual deposit per the bank statement to the general ledger.  
Performance: Traced the actual deposit per the bank statement to the general ledger.  
Exceptions: There was no exception noted.

**5) Procedures Performed on the School's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases):**

- A. Obtain a listing of locations that process payments for the fiscal period, and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).  
Performance: Obtained a listing of locations that process payments for the fiscal period from management and received management's representation in a separate letter that the listing is complete. Selected the sole location for testing.  
Exceptions: There were no exceptions noted.
  
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the School has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:
  - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase.  
Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase. Observed at least two employees are involved.  
Exceptions: There were no exceptions noted.

**5) Procedures Performed on the School's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)**

- ii. At least two employees are involved in processing and approving payments to vendors.  
Performance: Obtained a listing of employees involved in processing and approving payments to vendors. Observed at least two employees are involved.  
Exceptions: There were no exceptions noted.
  - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.  
Performance: Obtained a listing of employees involved in processing payments to vendors. Management confirmed and we observed that no employees processing payments are involved in adding/modifying vendor files.  
Exceptions: There were no exceptions noted.
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.  
Performance: Obtained a listing of employees involved with signing and mailing checks and verified they are not involved in the processing of payments.  
Exceptions: There were no exceptions noted.
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.  
Performance: Obtained a listing of employees involved in initiating a purchase request, approving a purchasing, and placing an order/making a purchase. Observed at least two employees are involved.  
Exceptions: There were no exceptions noted.
- C. For each location selected under procedure #5A, obtain the School's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
- Performance: Obtained the School's non-payroll disbursement transaction population and management's representation in a separate letter that the population is complete. Selected 5 disbursements from the sole location that processes payment for testing.  
Exceptions: There were no exceptions noted.
  - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the School.  
Performance: Observed the 5 disbursements matched the related original invoice/billing statements.  
Exceptions: There were no exceptions noted.

**5) Procedures Performed on the School's Non-Payroll Disbursements (Excluding Card Purchases/Payments, Travel Reimbursements, and Petty Cash Purchases): (Continued)**

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, as applicable.

Performance: Observed the 5 disbursements included evidence of segregation of duties.

Exceptions: There were no exceptions noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does not include electronic disbursements.

Performance: Selected 4 non-payroll-related electronic disbursements (only 4 noted in the month selected). Observed the 4 disbursements included evidence of approval by an authorized person and approval by the required number of authorized signers.

Exceptions: There were no exceptions noted.

**6) Procedures Performed on the School's Credit Cards, Debit Cards, Fuel Cards, Purchase Cards (Cards):**

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period (the School only has 2 credit cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Performance: Obtained 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 and received management's representation in a separate letter that the listing is complete.

Exceptions: There were no exceptions noted.

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

**6) Procedures Performed on the School's Credit Cards, Debit Cards, Fuel Cards, Purchase Cards (Cards): (Continued)**

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Performance: Observed evidence that the statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exceptions: There were no exceptions noted.

- ii. Observed that finance charges and late fees were not assessed on the selected statements.

Performance: Observed that there were no finance charges and/or late fees assessed on any of the selected statements.

Exceptions: There were no exceptions noted.

- C. Using the monthly statements or combined statements selected under procedure #6B, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by:

- i. An original itemized receipt that identifies precisely what was purchased.

Performance: Observed that the transactions from the monthly statements were supported by original itemized receipts that identify precisely what was purchased.

Exceptions: There were no exceptions noted.

- ii. Written documentation of the business/public purpose.

Performance: Observed that the transactions from the monthly statements were supported with written documentation of the business/public purpose.

Exceptions: There were no exceptions noted.

- iii. Documentation of the individuals participating in meals (for meal charges only).

Performance: Observed that the selected transactions were not for meal charges.

Exceptions: There were no exceptions noted.

**7) Procedures Performed on the School's Travel and Travel-Related Expense Reimbursements:**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Performance: Obtained a listing of all travel and travel-related expense reimbursements during the fiscal period from management and received management's representation in a separate letter that the listing is complete. Obtained the related expense reimbursement form and supporting documentation for 5 reimbursements.

Exceptions: There were no exceptions noted.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

Performance: The 5 selected reimbursements were not made by using a per diem rate established by the State of Louisiana, as they were for actual costs.

Exceptions: There were no exceptions noted.

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

Performance: Observed that reimbursements using actual cost were supported by an original itemized receipt that identified precisely what was purchased.

Exceptions: There were no exceptions noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii).

Performance: Observed that each reimbursement was supported by documentation of the business/public purpose (for meal charges, observed that the documentation included the names of those individuals participating) and other documentation required by written policy (procedures #1A(vii)).

Exceptions: There were no exceptions noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Performance: Observed that each reimbursement was reviewed and approved, in writing, by someone other than the person that received the reimbursement.

Exceptions: There were no exceptions noted.

**8) Procedures Performed on the School's Contracts:**

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Performance: Obtained 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 and received management's representation in a separate letter that the listing is complete. Selected 5 contracts for testing.

Exceptions: There were no exceptions noted.

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

Performance: Observed that one of the contracts selected required the bid to be in accordance with Louisiana Public Bid Law. Observed that this contract was bid in accordance with the Louisiana Public Bid Law.

Exceptions: There were no exceptions noted.

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

Performance: Observed that the contracts selected did not require approval by the governing body.

Exceptions: There were no exceptions noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that the amendments were made in compliance with the contract terms.

Performance: Observed that one contract selected was amended and that the original contract terms provided for such an amendment and that the amendments were made in compliance with the contract terms.

Exceptions: There were no exceptions noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Inspected one payment for the contracts selected, obtained supporting invoices, agreed invoices to the contract terms, and observed invoices related to the payment agreed to terms and conditions of the contract.

Exceptions: There were no exceptions noted.

**9) Procedures Performed on the School's Payroll and Personnel:**

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Performance: Obtained a listing of employees employed during the fiscal period from management and received management's representation in a separate letter that the listing is complete. Selected 5 employees, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.

Exceptions: There were no exceptions noted.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

- i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Performance: Selected one pay period to test attendance and leave taken during that period. Inspected all daily attendance and leave record for proper documentation.

Exceptions: There were no exceptions noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Performance: Observed that supervisors approved the attendance and leave of the selected employees.

Exceptions: There were no exceptions noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the School's cumulative leave records.

Performance: Observed that any leave accrued or taken during the pay period was reflected in the cumulative leave records.

Exceptions: There were no exceptions noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

Performance: Agreed the pay rates to authorized salary/pay rates maintained in employee files.

Exceptions: There were no exceptions noted.

**9) Procedures Performed on the School's Payroll and Personnel: (Continued)**

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the School's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees' or officials' authorized pay rates in the employees' or officials' personnel files, and agree the termination payment to the School's policy.

Performance: Obtained a listing of those employees that received termination payments during the fiscal period from management and received management's representation in a separate letter that the listing is complete. The hours used in management's termination payment calculations were agreed to cumulative leave records, pay rates were agreed to authorized pay rates in the personnel files, and we agreed the termination payment to School policy.

Exceptions: There were no exceptions noted.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Performance: Obtained management's representation that employee and employee portions of third-party payroll accounts have been paid, and any associated forms have been filed by the required deadlines.

Exceptions: There were no exceptions noted.

**10) Procedure Performed on the School's Ethics:**

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain ethics documentation from management and:

- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.

Performance: Obtained documentation of each of the employee's selected in #9A that had completed the required one hour of ethics training.

Exceptions: Two employees had not completed the ethics training during the 2023 calendar year. Exceptions noted.

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

Not applicable as there were no changes to the School's ethics policy during the fiscal period.

**10) Procedure Performed on the School's Ethics: (Continued)**

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

Performance: Through inquiry of management, ethics designees are noted at each of the School's three campuses.

Exceptions: There were no exceptions noted.

**11) Procedures Performed on the School's Debt Service:**

- A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that the State Bond Commission approval was obtained for each debt instruments issued as required by Article VII, Section 8 of the Louisiana Constitution.

Not applicable for not-for-profit entities.

- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select 1 bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by debt covenants).

Not applicable for not-for-profit entities.

**12) Procedures Performed on the School's Fraud Notice:**

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the School reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the School is domiciled as required by R.S. 24:253.

Performance: Inquired of management of any misappropriations of public funds and assets during the fiscal period, management represented there were none.

Exceptions: There were no exceptions noted.

- B. Observe that the School 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.

Performance: Inspected the fraud notice posted on the premises and website concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Exceptions: There were no exceptions noted.

**13) Procedures Performed on the School's Information Technology Disaster Recovery/  
Business Continuity:**

A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

- i. Obtain and inspect the School's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Performance: We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the School's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Performance: We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the School's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Performance: We performed the procedure and discussed the results with management.

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

Performance: We performed the procedure and discussed the results with management.

**14) Procedures Performed on the School's Sexual Harassment:**

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

Not applicable for not-for-profit entities.

B. Observe that the School has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the School's premises if the School does not have a website).

Not applicable for not-for-profit entities.

**14) Procedures Performed on the School's Sexual Harassment: (Continued)**

- C. Obtain the School's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the School who have completed the training requirements;  
Not applicable for not-for-profit entities.
  - ii. Number of sexual harassment complaints received by the School;  
Not applicable for not-for-profit entities.
  - iii. Number of complaints which resulted in a finding that sexual harassment occurred;  
Not applicable for not-for-profit entities.
  - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action;  
Not applicable for not-for-profit entities.
  - v. Amount of time it took to resolve each complaint.  
Not applicable for not-for-profit entities.

**Management's Overall Response to Exceptions:**

- 4D.iv. School management maintains a safe at all three locations for safekeeping of cash until picked up by Loomis Armored Services. For the safety of the School's employees, management of the School does not allow travel to the bank with cash deposits. The School contracts with the armored car service on an "on call" basis to transport cash from the School to a bank clearing house for deposit. It is cost prohibitive to have the service on a weekly basis because the amount of cash the School collects daily is extremely low. In FY25, management of the School will utilize electronic collections for field trips and other small collections to further reduce the amount of cash collected at the School site(s).
- 10A.i. School management understands that the State of Louisiana requires employees to complete one hour of ethics training on an annual basis. In 2024, management of the School will contract with a State-approved trainer to provide in-person training to staff. Staff not available for in-person training will be required to complete the training within 30 days of the session. Employees hired after the in-person training will be required to complete ethics training before the end of 2024.