

**REDESIGN SCHOOLS**  
**LOUISIANA**  
Baton Rouge, Louisiana

Financial Report  
Year Ended June 30, 2025

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## INDEPENDENT AUDITOR'S REPORT

Dr. Megan McNamara, Superintendent  
and Members of the Board of Directors  
Redesign Schools Louisiana  
Baton Rouge, Louisiana

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Redesign Schools Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Redesign Schools Louisiana as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *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 Redesign Schools Louisiana 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 opinions.

#### *Emphasis of Matter*

As discussed in Note 16 to the financial statements, Redesign Schools Louisiana recorded a prior period adjustment to correct the recognition of grant revenues and related receivables that should have been recorded in the prior fiscal year. Our opinion is not modified with respect to this matter.

### ***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 Redesign Schools Louisiana'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 Redesign Schools Louisiana'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, which raise substantial doubt about Redesign Schools Louisiana'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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of activities, and functional expenses, the schedule of compensation, benefits and other payments to agency head and the accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 combining statements of activities, and functional expenses, the schedule of compensation, benefits and other payments to agency head and the schedule of expenditures of federal awards are 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 13, 2026, on our consideration of Redesign Schools of Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Redesign Schools Louisiana's 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 Redesign Schools of Louisiana's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
March 13, 2026

**FINANCIAL STATEMENTS**

REDESIGN SCHOOLS LOUISIANA  
 Baton Rouge, Louisiana  
 Statement of Financial Position  
 June 30, 2025

ASSETS

Current assets:	
Cash and cash equivalents	\$ 7,294,156
Employee retention credits receivable	507,002
Other receivables	425,447
Accrued interest receivable	141,743
Prepaid expense	<u>137,161</u>
Total current assets	<u>8,505,509</u>
Noncurrent assets:	
Right of Use Asset - Equipment, net	<u>88,631</u>
Total assets	<u>\$ 8,594,140</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 148,059
Accrued expenses	288,972
Due to others	731,171
Lease payable - current portion	<u>33,237</u>
Total current liabilities	<u>1,201,439</u>
Long term liabilities:	
Lease payable	<u>58,164</u>
Total liabilities	<u>1,259,603</u>
Net assets:	
Without donor restrictions	7,166,857
With donor restrictions	<u>167,680</u>
Total net assets	<u>7,334,537</u>
Total liabilities and net assets	<u>\$ 8,594,140</u>

The accompanying notes are an integral part of the basic financial statements.

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Statement of Activities  
For the Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets			
Revenues, gains and other support:			
State MFP revenues	\$ 5,597,927	\$ 12,330	\$ 5,610,257
Federal grants	2,647,606	-	2,647,606
Donations	1,000	-	1,000
State grants	135,345	-	135,345
Employee retention tax credits	1,071,536	-	1,071,536
Interest revenue	313,783	-	313,783
Miscellaneous revenue	3,299	-	3,299
Total	<u>9,770,496</u>	<u>12,330</u>	<u>9,782,826</u>
Expenses and losses:			
Program services	6,970,143	-	6,970,143
Supporting services -			
Administrative expenses	<u>2,093,666</u>	<u>-</u>	<u>2,093,666</u>
Total	<u>9,063,809</u>	<u>-</u>	<u>9,063,809</u>
Change in net assets	706,687	12,330	719,017
Net assets, beginning of year, as restated	<u>6,460,170</u>	<u>155,350</u>	<u>6,615,520</u>
Net assets, end of year	<u>\$ 7,166,857</u>	<u>\$ 167,680</u>	<u>\$ 7,334,537</u>

The accompanying notes are an integral part of the basic financial statements.

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Statement of Functional Expenses  
For the Year Ended June 30, 2025

	Program Services	Supporting Services	Total
Expenses:			
Salaries	\$ 3,242,260	\$ 958,055	\$ 4,200,315
Payroll taxes	311,774	816	312,590
Employee group insurance	466,517	-	466,517
Retirement fund contribution	37,792	-	37,792
Other employee benefits	19,352	-	19,352
Food service management	432,234	-	432,234
Transportation	664,070	-	664,070
School management fees	760,765	-	760,765
Other professional services	439,578	752,895	1,192,473
Utilities	180,550	-	180,550
Telephone and postage	-	62,900	62,900
Insurance	-	105,398	105,398
Repairs and maintenance	100,802	-	100,802
Audit / accounting services	-	86,250	86,250
Purchased services	65,187	83,024	148,211
Materials and supplies	244,041	44,320	288,361
Miscellaneous expense	3,948	8	3,956
Interest expense	1,273	-	1,273
 Totals	 \$ 6,970,143	 \$ 2,093,666	 \$ 9,063,809

The accompanying notes are an integral part of the basic financial statements.

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Statement of Cash Flows  
For the Year Ended June 30, 2025

Cash flows from operating activities:	
Change in net assets without donor restrictions	\$ 719,017
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities -	
Amortization of right to use asset	20,386
Decrease (increase) in operating assets	
Accrued interest receivable	(141,743)
Employee retention credits	(507,002)
Other accounts receivable	912,896
Prepaid expenses	938,783
Increase (decrease) in operating liabilities	
Accounts payable	(317,258)
Accrued expenses	8,344
Due to others	731,171
Net cash provided by operating activities	<u>2,364,594</u>
Cash flows from financing activities:	
Payments on lease payable	<u>(18,179)</u>
Net change in cash and cash equivalents	2,346,415
Cash and cash equivalents, beginning of year	
Unrestricted	<u>4,947,741</u>
Cash and cash equivalents, end of year:	
Unrestricted	<u><u>\$ 7,294,156</u></u>
Supplemental disclosure:	
Interest paid	<u><u>\$ 1,273</u></u>

The accompanying notes are an integral part of the basic financial statements.

# REDESIGN SCHOOLS LOUISIANA

## Notes to Financial Statements

### (1) Nature of Activities and Significant Accounting Policies

#### A. Nature of Organization and Operations

Redesign Schools Louisiana (RSL) is a non-profit public benefit corporation organized under the laws of the State of Louisiana under its original name of Celerity Schools Louisiana. Celerity Schools Louisiana underwent a name change during the fiscal year ending June 30, 2020 to Redesign Schools Louisiana. RSL was granted a charter by the State Board of Elementary and Secondary Education (BESE) in 2014 to provide schools where at-risk students can thrive in an atmosphere of high expectations with an engaging curriculum and challenging learning activities. RSL operated two charter schools, Lanier Elementary and Dalton Elementary, in Baton Rouge, Louisiana during the current fiscal year.

#### B. Financial Statement Presentation

RSL reports information regarding its financial position and activities according to two classes of net assets: Net Assets without Donor Restrictions and Net Assets with Donor Restrictions.

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

#### C. Public Support and Revenue

RSL receives its grant support primarily from the Louisiana State Department of Education Minimum Foundation program. Approximately 51% of RSL's funding was received from this program during the current fiscal year. Other public support is received from the U.S. Department of Education.

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills to be provided by individuals possessing those skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received. Donated labor is valued at the minimum wage rate in effect at the time of the donated services. Donated professional time is valued at the current market rate of the specific project. Donated materials are valued at current market value at the time of donation. There were no donated services that met the criteria for recognition in the current fiscal year.

All contributions are considered to be available for operations unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the donor-imposed time or purpose restriction. Contributions with donor restrictions, for which the restriction is met in the same year, are classified as net assets without donor restrictions.

REDESIGN SCHOOLS LOUISIANA

Notes to Financial Statements

D. Net Assets

The net assets of RSL and changes therein are classified and reported as follows:

Net Assets with Donor Restrictions – Net Assets subject to stipulations imposed by donors and grantors. Some donor restrictions may be temporary in nature. These restrictions will be satisfied by the actions of RSL or by the passage of time.

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

B. Cash and Cash Equivalents

For the purpose of the statement of cash flows, RSL considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

C. Receivables

Grants and other receivables are stated at the amount management expects to collect in the future. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current collectability of individual account balances. Account balances that are still outstanding after management has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable balance.

E. Fixed Assets

Fixed assets are recorded at historical cost. Donated fixed assets are recorded at their estimated fair value at the date of donation. It is RSL’s policy to capitalize fixed assets valued at \$5,000 or more. Fixed assets are depreciated over their estimated useful lives using the straight-line method. The range of estimated useful lives is as follows:

Buildings and improvements	20-40 years
Furniture and fixtures	5-10 years
Machinery and equipment	3-7 years

The carrying value of fixed assets is reviewed by management whenever events or circumstances indicate that the carrying value may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When a fixed asset is considered to be impaired by management, an impairment loss is recognized to the extent that the carrying value of the fixed asset

## REDESIGN SCHOOLS LOUISIANA

### Notes to Financial Statements

exceeds its fair value. Management has noted no indications that RSL's fixed assets are impaired during the current fiscal year.

#### D. Compensated Absences

Employees of RSL do not earn paid vacation time but receive two days of personal unpaid leave per year. Full-time RSL employees are awarded sick leave at a rate of two hours per pay period up to a maximum of forty-eight hours earned during the year. Unused sick leave hours may be carried over to next year but are not earned during an unpaid leave of absence. At the time of retirement, death or termination, no monies are owed or paid to an employee for accumulated sick leave. No compensated absences liability is recorded at June 30, 2025 due to immateriality.

#### E. Leases

RSL's management applies judgement when determining whether a contract contains a lease and whether a lease is classified as operating or financing. RSL defines the lease term as the non-cancellable term which may include options to extend and/or terminate when it is reasonably certain management will exercise these options. The lease term is used in determining classification between operating and financing leases, calculating the lease liability, and determining the incremental borrowing rate. Management also applies judgement in allocating the consideration in a contract between the lease and non-lease components and determining RSL's incremental borrowing rate used to discount lease payments. Judgement is also used to determine the incremental borrowing rate of each lease by estimating the credit rating of RSL at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

#### F. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### G. Revenue Recognition

Program reimbursements and grants are recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

#### H. Fair Value Financial Instruments

The carrying value of cash, receivables, prepaid expenses, accounts payable, and accrued expenses approximate fair value due to the short-term maturity of these instruments. None of the financial instruments are held for trading purposes.

## REDESIGN SCHOOLS LOUISIANA

### Notes to Financial Statements

#### I. Income Taxes

RSL is a non-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 and is an organization that is not a private foundation as defined in Section 509(a) of the Code. RSL is also exempt from Louisiana income tax. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by management and recognize a tax liability (or asset) if management has undertaken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by RSL and concluded that as of June 30, 2025 there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. RSL is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

#### J. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### (2) Cash and Interest-Bearing Deposits

At June 30, 2025, RSL had cash and interest-bearing deposits (book balances) totaling \$7,294,156. These deposits were stated at cost, which approximates market. Deposit balances (bank balances) at June 30, 2025 totaled \$7,293,103. The accounts were insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 at each financial institution. Total uninsured cash balances at June 30, 2025 of \$7,043,103 were exposed to custodial credit risk.

#### (3) Employee Retention Credits

Redesign Schools Louisiana (RSL) recognized Employee Retention Credits (ERC) under provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), as amended. The ERC is a refundable payroll tax credit available to eligible employers that retained employees during the COVID-19 pandemic. The ERC is accounted for as government assistance rather than an income tax benefit. Revenue is recognized when RSL has substantially met the eligibility requirements and collection of credits are considered probable.

As of June 30, 2025 RSL recorded an ERC receivable of \$507,002, representing refundable payroll tax credits claimed with the Internal Revenue Service (IRS) for qualifying wages and employer-paid health insurance costs incurred in 2020 and 2021. Management determined that recognition criteria were not met in prior years due to uncertainty regarding eligibility and collection, and revenue was recognized when these criteria were satisfied during the year ended June 30, 2025. Management believes the receivable is realizable based on compliance with program eligibility

REDESIGN SCHOOLS LOUISIANA

Notes to Financial Statements

requirements. Claims filed under the ERC program are subject to review and examination by the IRS. Based on management’s evaluation of the likelihood of repayment or disallowance, no allowance for doubtful accounts is required as of June 30, 2025.

During the year ended June 30, 2025, RSL recognized ERC revenue of \$1,071,536, which is presented as Employee Retention Tax Credits revenue in the accompanying statement of activities. ERC revenues are classified as non-MFP federal support and are not included in the Minimum Foundation Program revenues. Any adjustments, penalties or reductions in ERC claims resulting from future examinations will be recognized in the period such determination becomes available.

For the year ended June 30, 2025 interest earned on ERC refunds totaling \$313,763 is not considered federal program revenue for reporting purposes. RSL paid a total of \$31,500 in professional fees to a third party for calculating and preparing the employee retention credit applications filed with the IRS during the year ended June 30, 2025.

(4) Other Receivables

Other receivables consisted of the following at June 30, 2025:

United States Department of Education:	
Title I	\$ 224,785
Comprehensive Literacy	124,093
Special Education	38,611
Other	6,569
United States Department of Agriculture	
School Food Service	11,301
Other	20,088
	<u>\$ 425,447</u>

Grant receivables were considered to be fully collectible by management. Accordingly, no allowance for doubtful accounts was required at June 30, 2025.

(5) Prepaid Expense

Prepaid expenses consisted of the following at June 30, 2025:

Insurance	\$ 62,995
Consultants	50,745
Staff training	11,500
Software subscriptions	8,978
Security systems	2,943
	<u>\$137,161</u>

REDESIGN SCHOOLS LOUISIANA

Notes to Financial Statements

(6) Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2025 are restricted for the following purposes:

	Beginning Balance <u>2024</u>	Subject to Specific <u>Purpose</u>	Specific Pupose <u>Satisfied</u>	Ending Balance <u>2025</u>
Instructional salaries and benefits (MFP)	\$ 150,154	\$ 12,330	\$ -	\$ 162,484
Federal grants				
Capital expenses	4,196	-	-	4,196
Operating expenses	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
	<u>\$ 155,350</u>	<u>\$ 12,330</u>	<u>\$ -</u>	<u>\$ 167,680</u>

(7) Defined Contribution Retirement Plan

RSL sponsors a defined contribution 403(b) plan (the Plan) for its employees that was originally adopted in January 2015. Effective August 1, 2021, the Plan covers all employees with RSL matching one hundred percent of the employee’s first three to five percent of contributions. The employer’s match is determined based on the employee’s length of service at RSL as well as the employee’s classification as a certificated or classified employee. RSL paid matching contributions of \$37,792 to the Plan during the current fiscal year which is included as program services expense in the statement of activities.

(8) Due to Others

At June 30, 2024, RSL ceased operation of Glen Oaks Middle School, a charter school operated under a charter contract with the Louisiana Department of Education (LDOE). In accordance with state laws and the charter agreement, any remaining funds and/or residual equity of Glen Oaks Middle School may be due to the LDOE upon closure of the school. The exact repayment amount due is subject to negotiations between RSL and LDOE and has not been finalized as of the date of this report. However, management believes it is probable that a balance will be repaid to LDOE and has recorded a liability of \$731,171. This liability represents management’s best estimate of the amount that will ultimately be due to LDOE as of June 30, 2025.

(9) Lease Commitments

Lease agreements are summarized below:

In February 2025 RSL entered into two lease agreements with a third-party for the use of equipment located at its Dalton Elementary and Lanier Elementary campuses, respectively, which are located in Baton Rouge, Louisiana. The original leases are for a three-year term beginning March 2025 through February 2028.

REDESIGN SCHOOLS LOUISIANA

Notes to Financial Statements

Adoption of ASU No. 2016-02, *Leases* (Topic 842)

RSL’s management elected to adopt ASC No. 2016-02 *Leases* (Topic 842) effective July 1, 2022. The new lease standard established a right-of-use (ROU) model which requires the lessee to record a ROU asset and a corresponding lease liability on the balance sheet for all leases with a term longer than twelve months. Leases are classified as either finance or operating, with the classification affecting the pattern of expense recognition over the life of the lease. Leases with a term of less than twelve months are excluded from the requirements of Topic 842.

When adopting Topic 842, RSL management elected to use the optional transition method to initially apply the new lease standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of retained earnings in the period of adoption. Management also elected to adopt the package of practical expedients available under the transition guidance as follows.

- Relief from determination of lease contracts included in existing or expiring leases at the time of adoption.
- Relief from having to reevaluate the classification of leases in effect at the time of adoption.
- Relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract.
- Use of hindsight to determine the lease term and assess the impairment of the right-of-use assets.

Additional information about RSL’s leases for the year ending June 30, 2025 is as follows.

Operating lease cost	<u>\$ 19,452</u>
Cash paid for amounts in lease liabilities	\$ 19,452
Operating cash flows from operating leases	\$ 19,452
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 99,710
Weighted-average remaining lease term- operating leases	2.67 years
Weighted-average discount rate- operating leases	5.00%

REDESIGN SCHOOLS LOUISIANA

Notes to Financial Statements

The maturities of lease liabilities as of June 30, 2025 are as follows:

Year Ending June 30,	Principal payments	Interest payments	Totals
2026	\$ 33,237	\$ 3,723	\$ 36,960
2027	33,237	2,086	35,323
2028	24,927	440	25,367
	<u>\$ 91,401</u>	<u>\$ 6,249</u>	<u>\$ 97,650</u>

Amortization of right to use assets for the year ending June 30, 2025 was \$20,386.

(10) Compensation Paid to Members of the Board of Directors

Members of the Board of Directors of Redesign Schools Louisiana serve without compensation. Reasonable expenses incurred by Board Members while conducting business on behalf of Redesign Schools Louisiana are reimbursed upon receipt of appropriate supporting documentation.

(11) Advertising

Advertising costs totaling \$16,600 were expensed as incurred during the year ended June 30, 2025.

(12) Contingencies

Financial awards from federal, state, and local governmental entities in the form of grants are subject to audit and review by the entities providing the funding. Such audits and reviews could result in expenses being disallowed under the terms and conditions of the grants. Management is not aware of any disallowances related to grants as of June 30, 2025. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

(13) Litigation

There was no litigation pending against Redesign Schools Louisiana as of June 30, 2025.

(14) Evaluation of Subsequent Events

The management of RSL has evaluated subsequent events through March 13, 2026, the date these financial statements were available for release.

REDESIGN SCHOOLS LOUISIANA

Notes to Financial Statements

Prior to June 30, 2025, RSL submitted a claim for refund under the Employee Retention Credit (ERC) program established by the Coronavirus Aid, Relief, and Economic Security Act and administered by the Internal Revenue Service. The claim relates to qualified wages paid during the quarter ending June 30, 2021. On July 15, 2025, subsequent to year-end, the Internal Revenue Service approved the claim, including statutory interest, in the total amount of \$658,990, of which \$143,629 consisted of interest income. The ERC portion of the claim will be recognized as federal assistance revenues (nonexchange transaction), and the related interest will be recognized as interest income in the fiscal year ending June 30, 2026. RSL did not record these amounts in the accompanying financial statements for the year ending June 30, 2025, as the conditions necessary for recognition were not met as of year-end. While management believes this claim is valid, it remains subject to potential review by the Internal Revenue Service.

(15) Liquidity and Availability of Resources

RSL’s financial assets available within one year of the balance sheet date for general expenses are as follows:

Cash and cash equivalents	\$ 7,294,156
Employee retention credits receivable	507,002
Other receivables	425,447
Accrued interest receivable	141,743
Prepaid expense	<u>137,161</u>
Total current assets	<u>\$ 8,505,509</u>

As part of RSL’s liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due.

(16) Prior Period Restatement - Correction of Error

During the year ending June 30, 2025, management identified an error in the recognition of federal grant revenues in a prior fiscal year. Because the grantor permitted reimbursement of grant expenses in subsequent periods, RSL requested and received the related grant funds during the current year. The financial statements have been adjusted to recognize \$862,239 in grant revenues in the appropriate prior period through a prior period adjustment. Accordingly, net assets without donor restrictions, beginning of year, in the accompanying financial statements have been restated to correct this error.

REDESIGN SCHOOLS LOUISIANA

Notes to Financial Statements

The correction resulted in an increase to federal grant receivables and net assets without donor restrictions as of July 1, 2024. The effects of the restatement on the previously issued financial statements as of and for the year ended June 30, 2024 are as follows.

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
June 30, 2024, as reported	\$ 5,597,931	\$ 155,350	\$ 5,753,281
Adjustments:			
Grants receivable	<u>862,239</u>	<u>-</u>	<u>862,239</u>
July 1, 2024, as restated	<u>\$ 6,460,170</u>	<u>\$ 155,350</u>	<u>\$ 6,615,520</u>

The correction of this error did not affect total federal expenditures reported on the Schedule of Expenditures of Federal Awards for the year ending June 30, 2025, as the underlying grant expenses were incurred and reported in the proper fiscal year.

**SUPPLEMENTAL SCHEDULES**

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Combining Statement of Activities  
For the Year Ended June 30, 2025

	Lanier Elementary School	Dalton Elementary School	Total (Memorandum Only)
Changes in net assets			
Revenues, gains and other support:			
State MFP revenues	\$ 3,015,455	\$ 2,594,802	\$ 5,610,257
Federal grants	1,155,033	1,492,573	2,647,606
Donations	-	1,000	1,000
State grants	3,143	132,202	135,345
Employee retention tax credits	548,374	523,162	1,071,536
Interest revenue	157,039	156,744	313,783
Miscellaneous revenue	1,747	1,552	3,299
Total	4,880,791	4,902,035	9,782,826
Expenses and losses:			
Program services	3,653,091	3,317,052	6,970,143
Supporting services -			
Administrative expenses	1,046,555	1,047,111	2,093,666
Total	4,699,646	4,364,163	9,063,809
Change in net assets	\$ 181,145	\$ 537,872	\$ 719,017

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Combining Statement of Functional Expenses - Program Services  
For the Year Ended June 30, 2025

	Lanier Elementary School	Dalton Elementary School	Total (Memorandum Only)
Program Services Expenses:			
Salaries	\$ 1,692,812	\$ 1,549,448	\$ 3,242,260
Payroll taxes	158,017	153,757	311,774
Employee group insurance	244,668	221,849	466,517
Retirement fund contribution	20,595	17,197	37,792
Other employee benefits	10,257	9,095	19,352
Food service management	243,504	188,730	432,234
Transportation	335,855	328,215	664,070
School management fees	394,533	366,232	760,765
Other professional services	224,301	194,891	419,192
Amortization of right to use assets	10,572	9,814	20,386
Utilities	111,329	69,221	180,550
Repairs and maintenance	43,162	57,640	100,802
Purchased services	33,072	32,115	65,187
Materials and supplies	126,657	117,384	244,041
Miscellaneous expense	3,097	851	3,948
Interest expense	660	613	1,273
Totals	<u>\$ 3,653,091</u>	<u>\$ 3,317,052</u>	<u>\$ 6,970,143</u>

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Combining Statement of Functional Expenses - Supporting Services  
For the Year Ended June 30, 2025

	Lanier Elementary School	Dalton Elementary School	Total (Memorandum Only)
Supporting Services Expenses:			
Salaries	\$ 440,454	\$ 517,601	\$ 958,055
Payroll taxes	425	391	816
Other professional services	404,506	348,389	752,895
Telephone and postage	32,755	30,145	62,900
Insurance	56,245	49,153	105,398
Audit / accounting services	45,712	40,538	86,250
Purchased services	45,702	37,322	83,024
Materials and supplies	20,756	23,564	44,320
Miscellaneous expense	-	8	8
 Totals	 \$ 1,046,555	 \$ 1,047,111	 \$ 2,093,666

REDESIGN SHCOOLS LOUISIANA  
Baton Rouge, Louisiana

Schedule of Compensation, Benefits and  
Other Payments to Agency Head

June 30, 2025

Agency Head: Dr. Megan McNamara, Superintendent

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 175,000
Benefits - social security / medicare	13,025
Benefits - insurance	7,217
Benefits - retirement	8,687
Car allowance	<u>6,000</u>
	<u>\$ 209,929</u>

**INTERNAL CONTROL  
COMPLIANCE  
AND  
OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

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## 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*

Dr. Megan McNamara, Superintendent,  
and Members of the Board of Directors  
Redesign Schools Louisiana  
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Redesign Schools Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2026.

### Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We did identify a certain

deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

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

As part of obtaining reasonable assurance about whether Redesign Schools Louisiana's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not the 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*.

### **Redesign Schools Louisiana Response to Findings**

*Government Auditing Standards* require the auditor to perform limited procedures on Redesign Schools Louisiana's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Redesign Schools Louisiana's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
March 13, 2026

# KOLDER, SLAVEN & COMPANY, LLC

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

Dr. Megan McNamara, Superintendent,  
and Members of the Board of Directors  
Redesign Schools Louisiana  
Baton Rouge, Louisiana

### Report on Compliance for Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Redesign Schools Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Redesign Schools Louisiana's major federal programs for the year ended June 30, 2025. Redesign Schools Louisiana'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, Redesign Schools Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2025.

#### *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 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 Redesign Schools Louisiana 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 Redesign Schools Louisiana'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 Redesign Schools Louisiana'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 Redesign Schools Louisiana'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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 Redesign Schools of Louisiana's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and 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 Redesign Schools Louisiana'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 Redesign Schools Louisiana'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 Redesign Schools Louisiana'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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a material weakness.

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.

*Governmental Auditing Standards* require the auditor to perform limited procedures on Redesign Schools Louisiana's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Redesign Schools Louisiana's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
March 13, 2026

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Schedule of Expenditure of Federal Awards  
Year Ended June 30, 2025

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Pass-through Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
<u>United States Department of Agriculture-</u>				
<u>Child Nutrition Cluster</u>				
Passed through Louisiana Department of Education				
National School Lunch Program	10.555	N/A	\$ 489,780	\$ -
Total United States Department of Agriculture			<u>489,780</u>	<u>-</u>
<u>United States Department of Education-</u>				
<u>Special Education Cluster (IDEA)</u>				
Passed through Louisiana Department of Education				
Special Education Grants to States	84.027A	28-25-B1-CE	\$ 162,401	
Special Education Preschool Grants	84.173A	28-25-P1-CE	<u>1,935</u>	
Total Special Education Cluster (IDEA)			<u>164,336</u>	-
Title I Grants to Local Educational Agencies	84.010A	28-25-T1-CE	706,238	
Title I Grants to Local Educational Agencies	84.010A	28-25-T1-FS	499,811	
Title I Grants to Local Educational Agencies	84.010A	28-24-RD19-FS	<u>14,180</u>	
Total Title I Grants to Local Educational Agencies #84.010A			<u>1,220,229</u>	-
Title II Supporting Effective Instruction	84.367	28-25-50-FS	<u>33,017</u>	-
Comprehensive Literacy State Development K-5	84.371C	28-21-CLUK-CE	222,000	
Comprehensive Literacy State Development B-5	84.371C	28-20-CCUB-FS	46,250	
Comprehensive Literacy State Development 6-8	84.371C	28-21-CLU6-CE	<u>160,000</u>	
Total for Assistance Listing Number #84.371C			<u>428,250</u>	-
Title IV Student Support and Academic Enrichment	84.424A		<u>49,603</u>	-
Education Stabilization Fund - COVID-19	84.425D	S42D21003	10,508	
Education Stabilization Fund - COVID-19	84.425D	S42D21003	138,390	
Education Stabilization Fund - COVID-19	84.425E	S42D21003	<u>18,812</u>	
Total for Assistance Listing Number #84.425			<u>167,710</u>	-
Total United States Department of Education			<u>2,063,145</u>	<u>-</u>
<u>United States Department of Homeland Security</u>				
Passed through Louisiana Military Department of Homeland and Emergency Preparedness Disaster Grants				
Disaster Grants - Public Assistance (Presidentially Declared Disaster)	97.036		94,681	-
			<u>94,681</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$2,647,606</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2025

(1) General

The accompanying schedule of expenditure of federal awards (the "Schedule") includes the federal grant activity of Redesign Schools Louisiana under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Redesign Schools Louisiana, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Redesign Schools of Louisiana.

(2) Basis of Accounting

The accompanying Schedule of Expenditure of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to Redesign Schools Louisiana's basic financial statements for the year ended June 30, 2025. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

Redesign Schools Louisiana has elected not to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

(4) Education Stabilization Fund Assistance Listing Number 84.425

During the year ended June 30, 2025, Redesign Schools Louisiana recorded a prior period adjustment in the amount of \$862,239 to correct the recognition of federal grant receivables and revenues that should have been recorded in a prior fiscal year. The related federal grant expenses were incurred in a prior fiscal year and, accordingly, are not included in the accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2025.

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025

Part I. Summary of Auditor's Results:

**Financial Statements**

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Significant deficiencies identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?		
	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

**Federal Awards**

Type of auditor's report issued on compliance for major programs:	Unmodified	
Internal control over major programs		
Material weakness(es) identified?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
Significant deficiencies identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?		
	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no

Major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025

Part II. Findings which are required to be reported in accordance with generally accepted Governmental Auditing Standards:

**A. Internal Control Findings**

See the internal control finding 2025-001 on the schedule of current and prior year audit findings and management's corrective action plan.

**B. Compliance Findings**

There are no findings to be reported under this section

Part III. Findings and questioned costs for Federal awards which include audit findings as defined in 2 CFR section 200 of the Uniform Guidance:

**A. Internal Control Findings**

See the internal control finding 2025-002 on the schedule of current and prior year audit findings and management's corrective action plan.

**B. Compliance Findings**

There are no findings to be reported under this section.

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2025

Part I: Current Year Findings and Management's Corrective Action Plan

A. Internal Control Over Financial Reporting

2025-001 Federal Grant Awards Reporting

Fiscal year finding initially occurred: 2025

CONDITION: During the current year audit, it was determined that grant receivables and related grant revenues of \$862,239 were not recorded in the appropriate fiscal year. As a result, Redesign Schools Louisiana recorded a prior period adjustment during the year ended June 30, 2025 to correct the recognition of these grant receivables and revenues. The related federal expenditures were incurred in the prior fiscal year and, accordingly, are not included in the current-year Schedule of Expenditures of Federal Awards (SEFA).

CRITERIA: Management is responsible for designing and maintaining internal control over financial reporting to provide reasonable assurance that financial statements are prepared in accordance with U.S. generally accepted accounting principles. Grant receivables and related grant revenues should be recognized in the proper fiscal year.

CAUSE: Redesign Schools Louisiana did not have sufficient controls in place to ensure that grant receivables and revenues were fully identified, reconciled, and reviewed at fiscal year-end.

EFFECT: Grant receivables and revenues were materially misstated in the prior fiscal year, requiring a prior period adjustment to the financial statements. While additional disclosure was also required in the financial statements to describe this correction, the current-year financial statements were not materially misstated after adjustment.

RECOMMENDATION: Management should strengthen internal controls over financial reporting, including reconciliation of grant expenditures to reimbursement requests and review of grant receivable balances prior to issuance of the financial statements.

MANAGEMENT'S CORRECTIVE ACTION PLAN:

***1. Management's Response & Context***

Redesign Schools Louisiana (RSL) acknowledges the auditor's position regarding the period of recognition for \$862,239 in federal ESSER grant revenue. RSL maintains that the timing of this revenue recognition was driven by specific administrative guidance from the Louisiana Department of Education (LDOE) to

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2025

prevent the expiration of federal funds. While management acted in accordance with grantor instructions to secure critical resources, we recognize that GAAP (ASC 250) requires a prior-period adjustment for material misstatements regardless of grantor timing.

**2. Corrective Actions Taken or Planned**

To ensure future compliance with GAAP and Uniform Guidance reporting requirements, RSL will implement the following:

- **Enhanced Year-End Reconciliations:** Management will continue to perform robust year-end reconciliation procedures for all federal grant expenditures. These procedures will specifically require cumulative eligible federal expenditures to be reconciled against recorded grant receivables and revenue for every federal program.
- **Period-End Cutoff Review:** RSL will refine its accrual process to ensure that revenues are recorded in the fiscal year in which the underlying expenditures are incurred, provided they meet the "available and measurable" criteria, even if grantor reimbursement authorization is pending.
- **SEFA Accuracy Controls:** RSL will utilize these reconciliations to ensure the Schedule of Expenditures of Federal Awards (SEFA) is accurate and complete, specifically verifying that expenditures are reported in the period they were incurred.
- **Technical Accounting Oversight:** All grant-related year-end adjustments and reconciliations will be reviewed and approved by personnel with specific expertise in federal grant compliance and GAAP accounting to ensure proper fiscal year alignment.
- **Standardized Grant Close-out:** RSL will implement a formal grant close-out checklist that includes a review of "availability" and "realizability" of funds to ensure transparency and accuracy in both the financial statements and the Schedule of Expenditures of Federal Awards (SEFA).

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2025

B. Compliance and other matters

None reported.

C. Internal Control Over Compliance – Uniform Guidance

U.S. DEPARTMENT OF EDUCATION:

2025-002 Schedule of Expenditure of Federal Awards Reporting

Fiscal year finding initially occurred: 2025

Education Stabilization Fund #84.425

CRITERIA: Uniform Guidance §200.302 requires nonfederal entities to maintain effective internal control over federal awards. Uniform Guidance §200.510(b) requires the SEFA to be accurate and complete. Federal grant revenues and receivables should be recognized in the proper fiscal period.

CONDITION: Grant receivables and related revenues associated with this Type A program were not recorded in the appropriate fiscal year, resulting in a prior period adjustment of \$862,239 during the current fiscal year. Related federal expenses were incurred in a prior fiscal year and are not included in the current year SEFA.

CAUSE: Insufficient internal controls over grant reporting to ensure identification and reconciliation of reimbursable federal grant expenses and receivables at fiscal year-end.

EFFECT: Federal grant receivables and revenues were materially misstated in the prior year, requiring a prior period adjustment in the current year. The current year SEFA is accurately reported, and no questioned costs were identified during the current year.

QUESTIONED COSTS: None

RECOMMENDATION: Management should enhance its year-end grant close-out reconciliation process by requiring cumulative eligible federal expenditures to be reconciled to recorded grant receivables and revenue for each federal program. Any adjustments identified should be reviewed and approved by personnel with federal grant and accounting expertise prior to issuance of the financial statements.

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2025

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE  
ACTION:

***1. Management's Response & Context***

Redesign Schools Louisiana (RSL) acknowledges the auditor's position regarding the period of recognition for \$862,239 in federal ESSER grant revenue. RSL maintains that the timing of this revenue recognition was driven by specific administrative guidance from the Louisiana Department of Education (LDOE) to prevent the expiration of federal funds. While management acted in accordance with grantor instructions to secure critical resources, we recognize that GAAP (ASC 250) requires a prior-period adjustment for material misstatements regardless of grantor timing.

***2. Corrective Actions Taken or Planned***

To ensure future compliance with GAAP and Uniform Guidance reporting requirements, RSL will implement the following:

- **Enhanced Year-End Reconciliations:** Management will continue to perform robust year-end reconciliation procedures for all federal grant expenditures. These procedures will specifically require cumulative eligible federal expenditures to be reconciled against recorded grant receivables and revenue for every federal program.
- **Period-End Cutoff Review:** RSL will refine its accrual process to ensure that revenues are recorded in the fiscal year in which the underlying expenditures are incurred, provided they meet the "available and measurable" criteria, even if grantor reimbursement authorization is pending.
- **SEFA Accuracy Controls:** RSL will utilize these reconciliations to ensure the Schedule of Expenditures of Federal Awards (SEFA) is accurate and complete, specifically verifying that expenditures are reported in the period they were incurred.
- **Technical Accounting Oversight:** All grant-related year-end adjustments and reconciliations will be reviewed and approved by personnel with specific expertise in federal grant compliance and GAAP accounting to ensure proper fiscal year alignment.
- **Standardized Grant Close-out:** RSL will implement a formal grant close-out checklist that includes a review of "availability" and "realizability" of funds to

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended June 30, 2025

ensure transparency and accuracy in both the financial statements and the Schedule of Expenditures of Federal Awards (SEFA).

Expected Completion Date:

Corrective actions are expected to be fully implemented within 90 days of this response.

Contact for Further Information:

Dr. Megan McNamara  
Superintendent  
(225) 348-7823  
[MMcNamara@rsl.org](mailto:MMcNamara@rsl.org)

D. Compliance – Uniform Guidance

None reported.

Part II: Prior Year Finding

A. Internal Control Over Financial Reporting

None reported.

B. Compliance and other matters

2024-001 Late Filing of Financial Statement Audit

CONDITION: Redesign Schools Louisiana (RSL) did not comply with L.A. R.S. 24:513, *Powers and duties of legislative auditor*, by not submitting its audited financial statements to the Louisiana Legislative Auditor's Office within six months of the close of its fiscal year.

RECOMMENDATION: Management should continue to engage an independent auditor prior to RSL's fiscal year end to ensure that audited financial statements are submitted as required by LA R.S. 24:513, *Power and duties of legislative auditor*.

CURRENT STATUS: Resolved. The current year financial statements were submitted timely in accordance with LA R.S. 24:513



Redesign Schools Louisiana respectfully submits the following schedule of current year audit findings for the year ended June 30, 2025.

**Audit conducted by:**

Kolder, Slaven & Company, LLC  
1428 Metro Dr.  
Alexandria, LA 71301

**Audit Period:** Fiscal year ended June 30, 2025

The findings from June 30, 2025 schedule of findings and questioned costs are discussed below.

The findings are numbered consistently with the number assigned on the schedule.

**FINDING – FINANCIAL AUDIT**

Material Weaknesses

Internal Control Over Financial Reporting

2025-001 Federal Grant Awards Reporting

Fiscal year finding initially occurred: 2025

**RECOMMENDATION:** Management should strengthen internal controls over financial reporting, including reconciliation of grant expenditures to reimbursement requests and review of grant receivable balances prior to issuance of the financial statements.

**CORRECTIVE ACTION PLAN:**

**1. Management’s Response & Context**

Redesign Schools Louisiana (RSL) acknowledges the auditor’s position regarding the period of recognition for \$862,239 in federal ESSER grant revenue. RSL maintains that the timing of this revenue recognition was driven by specific administrative guidance from the Louisiana Department of Education (LDOE) to prevent the expiration of federal funds. While management acted in accordance with grantor instructions to secure critical resources, we recognize that GAAP (ASC 250) requires a prior-period adjustment for material misstatements regardless of grantor timing.

**2. Corrective Actions Taken or Planned**

To ensure future compliance with GAAP and Uniform Guidance reporting requirements, RSL will implement the following:

- **Enhanced Year-End Reconciliations:** Management will continue to perform robust year-end reconciliation procedures for all federal grant expenditures. These procedures will specifically require cumulative eligible federal expenditures to be reconciled against recorded grant receivables and revenue for every federal program.



- **Period-End Cutoff Review:** RSL will refine its accrual process to ensure that revenues are recorded in the fiscal year in which the underlying expenditures are incurred, provided they meet the "available and measurable" criteria, even if grantor reimbursement authorization is pending.
- **SEFA Accuracy Controls:** RSL will utilize these reconciliations to ensure the Schedule of Expenditures of Federal Awards (SEFA) is accurate and complete, specifically verifying that expenditures are reported in the period they were incurred.
- **Technical Accounting Oversight:** All grant-related year-end adjustments and reconciliations will be reviewed and approved by personnel with specific expertise in federal grant compliance and GAAP accounting to ensure proper fiscal year alignment.
- **Standardized Grant Close-out:** RSL will implement a formal grant close-out checklist that includes a review of "availability" and "realizability" of funds to ensure transparency and accuracy in both the financial statements and the Schedule of Expenditures of Federal Awards (SEFA).

Internal Control Over Compliance – Uniform Guidance

**U.S. DEPARTMENT OF EDUCATION**

2025-002 Schedule of Expenditures of Federal Awards Reporting

Fiscal year finding initially occurred: 2025

Education Stabilization Fund #84.425

**RECOMMENDATION:** Management should enhance its year-end grant close-out reconciliation process by requiring cumulative eligible federal expenditures to be reconciled to recorded grant receivables and revenue for each federal program. Any adjustments identified should be reviewed and approved by personnel with federal grant and accounting expertise prior to issuance of the financial statements.

**CORRECTIVE ACTION PLAN:**

**1. Management's Response & Context**

Redesign Schools Louisiana (RSL) acknowledges the auditor's position regarding the period of recognition for \$862,239 in federal ESSER grant revenue. RSL maintains that the timing of this revenue recognition was driven by specific administrative guidance from the Louisiana Department of Education (LDOE) to prevent the expiration of federal funds. While management acted in accordance with grantor instructions to secure critical resources, we recognize that GAAP (ASC 250) requires a prior-period adjustment for material misstatements regardless of grantor timing.



## 2. Corrective Actions Taken or Planned

To ensure future compliance with GAAP and Uniform Guidance reporting requirements, RSL will implement the following:

- **Enhanced Year-End Reconciliations:** Management will continue to perform robust year-end reconciliation procedures for all federal grant expenditures. These procedures will specifically require cumulative eligible federal expenditures to be reconciled against recorded grant receivables and revenue for every federal program.
- **Period-End Cutoff Review:** RSL will refine its accrual process to ensure that revenues are recorded in the fiscal year in which the underlying expenditures are incurred, provided they meet the "available and measurable" criteria, even if grantor reimbursement authorization is pending.
- **SEFA Accuracy Controls:** RSL will utilize these reconciliations to ensure the Schedule of Expenditures of Federal Awards (SEFA) is accurate and complete, specifically verifying that expenditures are reported in the period they were incurred.
- **Technical Accounting Oversight:** All grant-related year-end adjustments and reconciliations will be reviewed and approved by personnel with specific expertise in federal grant compliance and GAAP accounting to ensure proper fiscal year alignment.
- **Standardized Grant Close-out:** RSL will implement a formal grant close-out checklist that includes a review of "availability" and "realizability" of funds to ensure transparency and accuracy in both the financial statements and the Schedule of Expenditures of Federal Awards (SEFA).

The findings noted above will be evaluated and corrective action will be taken as indicated in each respective finding. If there are questions regarding this corrective action plan, please contact Mrs. Ashley Eason, Associate Superintendent of Operations, at [aeason@rsl.org](mailto:aeason@rsl.org) or 225-348-7823.

Sincerely,

*Megan McNamara, Ed. D*

Dr. Megan McNamara  
Superintendent



Redesign Schools Louisiana respectfully submits the following schedule of prior audit findings for the year ended June 30, 2025.

**Audit conducted by:**

Kolder, Slaven & Company, LLC  
1428 Metro Dr.  
Alexandria, LA 71301

**Audit Period:** Fiscal year ended June 30, 2024

The finding from the June 30, 2024 schedule of findings and questioned costs is discussed below.

The finding is numbered consistently with the number assigned on the schedule.

**FINDING – FINANCIAL AUDIT**

Compliance and Other Matters

2024-001 Late Audit Report Filing

**RECOMMENDATION:** Management should continue to engage an independent auditor prior to RSL’s fiscal year end to ensure that audited financial statements are submitted as required by LA R.S.24.513, *Power and duties of legislative auditor*.

**CORRECTIVE ACTION PLAN:** Management will continue to follow its standard operating procedures by engaging an independent auditor prior to the end of its fiscal and working with its financial services provider to ensure audited financial statements are submitted as required by LA R.S. 24:513, *Power and duties of legislative auditor*.

If there are questions regarding the plan, please contact Mrs. Ashley Eason, Associate Superintendent of Operations, at [aeason@rsl.org](mailto:aeason@rsl.org) or 225-348-7823.

Sincerely,

A handwritten signature in black ink that reads 'Megan McNamara, Ed. D'.

Dr. Megan McNamara  
Superintendent

**SCHEDULES REQUIRED BY STATE LAW  
(R.S. 24:514 – PERFORMANCE AND STATISTICAL DATA)**

# KOLDER, SLAVEN & COMPANY, LLC

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Christine C. Doucet, CPA - retired 2022  
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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors of Redesign Schools Louisiana  
Louisiana Department of Education  
Louisiana Legislative Auditor

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Redesign Schools Louisiana for the fiscal year ended June 30, 2025, and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with the Louisiana Revised Statute 24:514. The management of Redesign Schools Louisiana is responsible for its performance and statistical data.

Redesign Schools Louisiana 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 purpose. The procedures performed may not address all of 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 as follows:

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

1. We selected a sample of 25 transactions and reviewed supporting documentation and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

There were no exceptions noted.

### **Class Size Characteristics (Schedule 2)**

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

There were no exceptions noted.

### **Levels of Public-School Staff (NO SCHEDULE)**

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and expertise, and obtained management's representation that the data/listing 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.

There were no exceptions noted.

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

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

There were no exceptions noted.

We were engaged by the Redesign Schools Louisiana 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, 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 Redesign Schools Louisiana. 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 the performance and statistical data accompanying the annual financial statements of the Redesign Schools Louisiana, as required by Louisiana Revised Statute 24:514., 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
March 13, 2026

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)  
As of and for the Year Ended June 30, 2025

**Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Source**

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

**Schedule 2 (Formerly Schedule 6) - Class Size Characteristics**

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

REDESIGN SCHOOLS LOUISIANA  
Baton Rouge, Louisiana  
Schedule 1

General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2025

**General Fund Instructional and Equipment Expenditures**

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities -

Classroom Teacher Salaries	\$ 886,422	
Other Instructional Staff Activities	21,806	
Instructional Staff Employee Benefits	457,329	
Purchased Professional and Technical Services	98,885	
Instructional Materials and Supplies	188,932	
Instructional Equipment	<u>-</u>	
Total Teacher and Student Interaction Activities		\$ 1,653,374

Other Instructional Activities:

Pupil Support Services	461,586	
Less: Equipment for Pupil Support Services	<u>-</u>	
Net Pupil Support Services		461,586
Instructional Staff Services	287,432	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		287,432
School Administration	1,307,691	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>1,307,691</u>

Total General Fund Instructional Expenditures (Total of Column B) \$ 3,710,703

Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000) \$ -

**Certain Local Revenue Sources**

Local Taxation Revenue:

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

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	<u>\$ -</u>
-------------------------------------	-------------

State revenue in Lieu of Taxes:

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

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

REDESIGN SCHOOLS LOUISIANA

Baton Rouge, Louisiana

Schedule 2

Class Size Characteristics

As of October 1, 2024

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	63%	106	33%	55	4%	8	0%	-
Elementary Activity Classes	63%	15	33%	8	4%	1	0%	-
Middle/Jr. High	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	0%	-	0%	-	0%	-	0%	-
High Activity Classes	0%	-	0%	-	0%	-	0%	-
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-

**Note:** The Board of Elementary and Secondary Education 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.

**Redesign Schools**

**Louisiana**

Baton Rouge, Louisiana

Statewide Agreed-Upon Procedures Report

Fiscal Period July 1, 2024 through June 30, 2025

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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*Of Counsel*  
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## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To Dr. Megan McNamara, Superintendent  
and Members of the Board of Directors,  
Redesign Schools Louisiana,  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2024 through June 30, 2025. Redesign Schools Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Redesign Schools Louisiana 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, 2024 through June 30, 2025. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purpose. 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 as follows:

### 1) *Written Policies and Procedures*

---

- A. Obtained and inspected the entity's written policies and procedures and observed that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - 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.

- iii) **Disbursements**, including processing, reviewing, and approving.
- iv) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- 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(s) rate of pay or approval and maintenance of pay rate schedules.
- 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.
- vii) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 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 entity's ethics policy.
- x) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- 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.
- 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.

## 2) **Board or Finance Committee**

---

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

- i) Observed that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- ii) For those entities reporting on the governmental accounting model, observed that 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. *Alternately, for those entities reporting on the non-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 entity's collections during the fiscal period.*
- iii) For governmental entities, obtained the prior year audit report and observed 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 one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.
- iv) Observed 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.

### **3) Bank Reconciliations**

---

- A. Obtained a listing of entity's bank accounts for the fiscal period from management and management's representation that the listing is complete. Asked management to identify the entity's main operating account. Selected the entity's main operating account and randomly selected 4 additional accounts (or all accounts if less than 5). Randomly selected one month from the fiscal period, obtained and inspected the corresponding bank statement and reconciliation for selected each account, and observed that:
  - i) Bank reconciliations included evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged).
  - ii) Bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged).
  - 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.

### **4) Collections (excluding electronic funds transfers)**

---

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

- B. For each deposit site selected, obtained a listing of collection locations and management's representation that the listing is complete. Randomly selected one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtained and inspected written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observed that job duties are properly segregated at each collection location such that:
- i) Employees that are responsible for cash collections do not share cash drawers/registers.
  - ii) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
  - iii) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
  - 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 are not responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtained from management a copy of the bond or insurance policy for theft covering all employees who have access to cash and observed the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly selected two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (selected the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly selected 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.* Obtained supporting documentation for each of the 10 deposits and:
- i) Observed that receipts are sequentially pre-numbered.
  - ii) Traced sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii) Traced the deposit slip total to the actual deposit per the bank statement.
  - iv) Observed that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v) Traced the actual deposit per the bank statement to the general ledger.

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

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- A. Obtained a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly selected 5 locations (or all locations if less than 5).

- B. For each location selected under #5A above, obtained a list of those employees involved with non-payroll purchasing and payment functions. Obtained written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquired of employees about their job duties), and observed 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/making the purchase.
  - ii) At least two employees are involved in processing and approving payments to vendors.
  - 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.
  - 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.
  - 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.
- C. For each location selected under #5A above, obtained the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtained management's representation that the population is complete. Randomly selected 5 disbursements for each location, obtained supporting documentation for each transaction and:
- i) Observed 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 entity.
  - ii) Observed that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly selected 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observed that each electronic disbursement was (a) approved only by 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/or account for testing that does include electronic disbursements.

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

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

- B. Using the listing prepared by management, randomly selected 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly selected one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtained supporting documentation, and:
- i) Observed that 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - ii) Observed that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observed that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

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

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- A. Obtained from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly selected 5 reimbursements, obtained 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:
- i) If reimbursed using a per diem, observed 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)).
  - ii) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - iii) Observed that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii.)
  - iv) Observed each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

## 8) *Contracts*

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- A. Obtained from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtained management's representation that the listing is complete. Randomly selected 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- i) Observed that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - ii) Observed whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
  - iii) If the contract was amended (e.g. change order), observed that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, that approval was documented).
  - iv) Randomly selected one payment from the fiscal period for each of the 5 contracts, obtained the supporting invoice, agreed the invoice to the contract terms, and observed the invoice and related payment agreed to the terms and conditions of the contract.

## 9) *Payroll and Personnel*

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- A. Obtained a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly selected 5 employees or officials, obtained related paid salaries and personnel files, and agreed paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly selected one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtained attendance records and leave documentation for the pay period, and:
- i) Observed all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - ii) Observed whether supervisors approved the attendance and leave of the selected employees or officials.
  - iii) Observed any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - iv) Observed the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- C. Obtained 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 selected two employees or officials obtained related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agreed the hours to the employee's or official's cumulative leave

records, agreed the pay rates to the employee or official's authorized pay rates in the employee's or official's personnel files, and agreed the termination payment to entity policy.

- D. Obtained 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.

### ***10) Ethics***

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- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtained ethics documentation from management, and:
  - i) Observed documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170.
  - ii) Observed whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquired and/or observed whether the agency has appointed an ethics designee as required by R.S. 42:1170.

### ***11) Debt Service***

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- A. Obtained a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Selected all debt instruments on the listing, obtained supporting documentation, and observed State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly selected one bond/note, inspected debt covenants, obtained supporting documentation for the reserve balance and payments, and agreed 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).

### ***12) Fraud Notice***

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- A. Obtained a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Selected all misappropriations on the listing, obtained supporting documentation, and observed that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observed the entity has posted on its premises and website the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

### ***13) Information Technology Disaster Recovery/ Business Continuity***

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A. Performed the following procedures:

- i) Obtained and inspected the entity'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 observed that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- ii) Obtained and inspected the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquired of personnel responsible for testing/ verifying backup restoration) and observed evidence that the test/verification was successfully performed within the past 3 months.
- iii) Obtained a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly selected 5 computers and observed while management demonstrated 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.

**We performed the procedures and discussed the results with management.**

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

**We performed the procedures and discussed the results with management.**

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained cybersecurity training documentation from management, and observed that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired on or before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

**We performed the procedures and discussed the results with management.**

### ***14) Prevention of Sexual Harassment***

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A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtained sexual harassment training documentation from management, and observed that 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.

- B. Observed that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtained the entity's annual sexual harassment report for the current fiscal period, observed that the report was dated on or before February 1, and observed that the report includes the applicable requirements of R.S. 42:344:
- i) Number and percentage of public servants in the agency who have completed the training requirements.
  - ii) Number of sexual harassment complaints received by the agency.
  - iii) Number of complaints which resulted in a finding that sexual harassment occurred.
  - iv) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective actions.
  - v) The amount of time it took to resolve each complaint.

**Findings:**

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No exceptions were found as a result of applying procedures listed above except:

**Written Policies and Procedures:**

Redesign Schools Louisiana did not have written policies and procedures addressing the following:

- Purchasing: process for adding vendors to the vendor list.
- Contracting: processes for contracts legal review, approval and monitoring.
- Credit Cards: process for controlling credit cards, outline of allowable business uses for credit cards and the process for monitoring card usage.

**Board or Finance Committee:**

Procedures were performed, no exceptions were noted.

**Bank Reconciliations:**

Procedures were performed, no exceptions were noted.

**Collections (excluding electronic funds transfers):**

Procedures were performed, no exceptions were noted.

**Non-Payroll Disbursements:**

No written policy exists prohibiting employees that have access to processing payments from adding/modifying vendor files.

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

Procedures were performed, no exceptions were noted.

**Travel and Travel-Related Expense Reimbursement:**

Procedures were performed, no exceptions were noted.

**Contracts:**

Procedures were performed, no exceptions were noted.

**Payroll and Personnel:**

Procedures were performed, no exceptions were noted.

**Fraud Notice:**

Procedures were performed, no exceptions were noted.

**Information Technology Disaster Recovery/Business Continuity:**

We performed the procedures and discussed the results with management.

**Management's Response:**

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The management of Redesign Schools Louisiana concurs with the exceptions and is working to address the deficiencies identified.

We were engaged by Redesign Schools Louisiana 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 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 those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Redesign Schools Louisiana 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.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Alexandria, Louisiana  
March 13, 2026