

**COMMUNITY LEADERS
ADVOCATING STUDENT SUCCESS, INC.
(d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL)**

FINANCIAL REPORT

For the Year Ended June 30, 2018



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COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
TABLE OF CONTENTS
JUNE 30, 2018

REPORT

Independent Auditors' Report	1
------------------------------	---

FINANCIAL STATEMENTS

Statement of Financial Position	3
---------------------------------	---

Statement of Activities	4
-------------------------	---

Statement of Functional Expenses	5
----------------------------------	---

Statement of Cash Flows	6
-------------------------	---

Notes to Financial Statements	7
-------------------------------	---

SUPPLEMENTARY INFORMATION

Schedule of Compensation, Benefits, and Other Payments to Agency Head	14
---	----

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15
---	----

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	17
--	----

Schedule of Expenditures of Federal Awards	20
--	----

Notes to the Schedule of Expenditures of Federal Awards	21
---	----

Schedule of Findings and Questioned Costs	22
---	----

Summary Schedule of Prior Year Findings	23
---	----

Corrective Action Plan	24
------------------------	----

Independent Accountants' Report on Applying Agreed-Upon Procedures – Performance and Statistical Data	26
---	----



**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
TABLE OF CONTENTS
JUNE 30, 2018**

SCHEDULE 1

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources

29

SCHEDULE 2

Class Size Characteristics

30



Report



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Community Leaders Advocating Student Success, Inc.
d/b/a Fannie C. Williams Charter School
New Orleans, Louisiana

We have audited the accompanying financial statements of Community Leaders Advocating Student Success, Inc. d/b/a Fannie C. Williams Charter School (the School) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Leaders Advocating Student Success, Inc. d/b/a Fannie C. Williams Charter School as of June 30, 2018, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Compensation, Benefits, and Other Payments to Agency Head required under Louisiana Revised Statute 24:513A(3), is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

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

December 27, 2018



Financial Statements

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION

As of June 30, **2018**

ASSETS	
CURRENT ASSETS	
Cash in bank - unrestricted	\$ 2,546,279
Cash held for others - School Student Activity Fund	61,944
Total Cash	2,608,223
Grants receivable	150,155
Prepaid expenses	833
Deposits	24,959
Total Current Assets	2,784,170
Capital assets	-
TOTAL ASSETS	\$ 2,784,170
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ -
Accrued salaries	234,126
Payroll deductions and benefits payable	82,663
Deferred revenue	49
Deposits held for others - School Student Activity Fund	61,944
Total Current Liabilities	378,782
NET ASSETS	
Unrestricted net assets	2,405,388
Total Net Assets	2,405,388
TOTAL LIABILITIES AND NET ASSETS	\$ 2,784,170

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

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
STATEMENT OF ACTIVITIES

For the Year Ended June 30,

2018

	Unrestricted
REVENUES AND OTHER SUPPORT	
Grants	
Federal	\$ 751,220
State	98,555
State Minimum Foundation Program	2,306,831
Local Minimum Foundation Program	2,962,398
Other revenues	68,862
<hr/>	
Total Revenues and Other Support	6,187,866
<hr/>	
EXPENSES	
Program expenses	5,351,428
Administrative expenses	1,087,685
<hr/>	
Total Expenses	6,439,113
<hr/>	
CHANGE IN NET ASSETS	(251,247)
<hr/>	
NET ASSETS - Beginning of year	2,656,635
<hr/>	
NET ASSETS - End of year	\$ 2,405,388

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

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30,

2018

	Programs Expenses	Administrative Expenses	Total
EXPENSES			
Salaries	\$ 3,572,014	\$ 261,372	\$ 3,833,386
Employee benefits	784,128	89,523	873,651
Equipment rental	-	30,062	30,062
Food services	8,610	8,366	16,976
Insurance	-	87,324	87,324
Miscellaneous	13,805	812	14,617
Other services	4,980	89,156	94,136
Professional services	123,927	113,129	237,056
Repairs and maintenance	-	98,374	98,374
Shared services	-	101,813	101,813
Supplies:			
Instructional	18,899	-	18,899
Other	198,902	51,353	250,255
Transportation services	618,790	-	618,790
Travel	7,373	8,537	15,910
Utilities	-	147,864	147,864
Total Expenses	\$ 5,351,428	\$ 1,087,685	\$ 6,439,113

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

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
STATEMENT OF CASH FLOWS

For the Year Ended June 30,

2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	(251,247)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense		-
Changes in operating assets and liabilities:		
Cash held for other - School Student Activity Fund		(24,355)
Accounts receivable		-
Grants receivable		90,850
Prepaid expenses		-
Deposits		-
Accounts, payroll, and other payables		(13,470)
Deferred revenue		(758)
Deposits held for others - School Student Activity Fund		24,355
<hr/>		
Net cash used in operating activities		(174,625)
<hr/>		
NET DECREASE IN CASH AND CASH EQUIVALENTS		(174,625)
<hr/>		
CASH AND CASH EQUIVALENTS - Beginning of year		2,720,904
<hr/>		
CASH AND CASH EQUIVALENTS - End of year	\$	2,546,279
<hr/>		

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

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Community Leaders Advocating Student Success, Inc. d/b/a Fannie C. Williams Charter School (the School) was organized as a non-profit corporation under the laws of the State of Louisiana on July 12, 2010. The School is organized exclusively for charitable and educational purposes. The School's purpose is to provide excellent educational opportunities and options for all children.

Effective May 11, 2011, the School entered into a Charter School Contract with the Louisiana State Board of Elementary Education (BESE) to operate a Type 5 public charter school in the Louisiana Recovery School District as defined in LSA RS 17:3992 and 3998. The Charter School Contract was granted for an initial term of five years and terminated on June 30, 2016 contingent upon the results of the reporting requirements at the end of the third year. The Charter Contract was extended for six more years on July 1, 2016 by BESE who determined that the charter school is meeting the student, financial, and legal and contract standards, pursuant to Bulletin 126.

Basis of Accounting

The School prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205 *Not-For-Profit Entities: Presentation of Financial Statements*. Under FASB ASC 958-205, the School is required to report information regarding its financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Unrestricted Net Assets – Net assets which are free from donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted Net Assets – Net assets whose use by the School is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the School pursuant to those stipulations. There were no temporarily restricted net assets as of June 30, 2018.

Permanently Restricted Net Assets – Net assets whose use by the School is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise. There were no permanently restricted net assets as of June 30, 2018.

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Public Support and Revenues

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the state of Louisiana and the Orleans Parish School Board. The School received \$2,306,831 from the State and \$2,962,398 from the Orleans Parish School Board per eligible student at the official pupil count date of October 1, 2017, payable in monthly installments. State and Federal grants are on a cost reimbursement basis.

Cash

For purposes of reporting on the statement of cash flows, the School considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

Grants Receivable

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

Capital Assets

The School's policy is to capitalize equipment over \$1,000 with a useful life greater than one year. Lesser amounts are expensed. Purchased equipment is capitalized at cost. Donations of equipment are recorded as contributions at their estimated fair value.

Depreciation is provided utilizing the straight-line method over estimated useful lives of the assets. The useful life of equipment is 3 years.

Deferred Revenue

Deferred revenue consists of a grant award received in advance that related to services to be rendered in a future period and are deferred and recognized as revenue in the period earned.

Use of Estimates

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

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The School is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The School believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to financial statements.

Contributions

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Compensated Absences

All employees are granted 10 days of personal leave per school year, which is paid time off from work. Personal leave may be used for vacation, illness (of employees or family members), or other personal reasons. Such leave, which is not used, shall lapse at year end.

Recent Financial Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under this ASU, net assets will be presented in two classes: net assets with donor restrictions and net assets without donor restrictions. Underwater endowments will be included in net assets with donor restrictions and new or enhanced disclosures regarding the composition of net assets will be required. Disclosures regarding liquidity and availability of resources for general operating expenditures within one year of the date of the statement of financial position must also be presented. The ASU requires expenses to be presented by both nature and function, and investment return will be presented net of investment expenses. Absent specific donor stipulations, the Organization will use the placed-in-service approach for reporting expirations of restrictions on long-lived assets. The ASU is effective for fiscal periods beginning after July 1, 2018, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the Organization's financial statements. The School has not elected to early adopt this standard. Management is still evaluating the impact that the implementation of this ASU will have on the School's financial statements.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230). The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. This ASU is effective for fiscal periods beginning July 1, 2020, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the School's financial statements. The School has not elected to early adopt this standard. Management is still evaluating the impact that the implementation of this ASU will have on the School's financial statements.

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). Under the new provisions, all lessees will report a right-of-use asset and a liability for the obligation to make payments for all leases with the exception of those leases with a term of 12 months or less. All other leases will fall into one of two categories: 1) Financing leases, similar to capital leases, will require the recognition of an asset and liability, measured at the present value of the lease payments. Interest on the liability will be recognized separately from amortization of the asset and principal repayments will be classified as financing outflows and payments of interest as operating outflows on the statement of cash flows; 2) Operating leases will also require the recognition of an asset and liability measured at the present value of the lease payments. A single lease cost, consisting of interest on the obligation and amortization of the asset, calculated such that the amortization of the asset will increase as the interest amount decreases resulting in a straight-line recognition of lease expense. All cash outflows will be classified as operating on the statement of cash flows. Lessor accounting remains substantially unchanged with the exception that no leases entered into after the effective date will be classified as leveraged leases. For sale leaseback transactions, the sale will only be recognized if the criteria in the new revenue recognition standard are met. If there is no sale, the buyer-lessor does not recognize the transaction as a purchase and consideration paid for the asset is treated as a financing transaction. The ASU is effective for fiscal periods beginning July 1, 2021, but early adoption is permitted. The School has not elected to early adopt this standard. Management is still evaluating the impact that the implementation of this ASU will have on the School's financial statements.

NOTE 2 – CONCENTRATION OF CREDIT RISK

At June 30, 2018, the School had bank balances totaling \$2,624,748 on deposit in financial institutions located in Louisiana. The bank is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2018, the School had \$2,310,211 in uninsured cash deposits. The School has not experienced a loss and does not have a policy for custodial credit risk.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – CONCENTRATION OF CREDIT RISK (CONTINUED)

The primary funding sources of the School is the Minimum Foundation Program (MFP) funding, which is provided by state and local sources to all public school systems in Louisiana based on annual October 1st student counts, and various direct and pass-through grants from federal and state agencies. If the amount of MFP and grants received fall below the expected student count and contract levels, respectively, the School’s operating results could be adversely affected.

NOTE 3 – RETIREMENT PLAN

Substantially, all employees of the School are members of a safe harbor 403(b) Retirement Plan (the Plan). Covered employees may elect to contribute a portion of their salaries to the Plan. The School contribution to the Plan is 100% of the participant’s compensation up to 5% and an additional 2% for contributions exceeding 4% of the participant’s compensation. The School made contributions of \$206,302 to the Plan for the year ended June 30, 2018, which are included in employee benefits in the statement of functional expenses.

NOTE 4 – GRANTS RECEIVABLE

As of June 30, 2018, grants receivable consisted of amounts due from the following sources:

Federal – U.S. Department of Education		
Title I	\$	77,638
Title II		2,088
Special Education - IDEA		28,784
LA-4 TANF		26,040
<hr/>		
Total federal receivables		134,550
<hr/>		
State of Louisiana		
LA-4		15,605
<hr/>		
Total state receivables		15,605
<hr/>		
Total grants receivable	\$	150,155

NOTE 5 – OPERATING LEASES

The School has an operating lease for office equipment. The lease for office equipment is year-to-year and expires on June 30th of each year. Total lease expense for office equipment for the year ended June 30, 2018 totaled \$30,062 and is reported as equipment rental in the statement of functional expenses.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS

Capital assets consisted of the following as of June 30, 2018:

Equipment	\$	133,704
Accumulated depreciation		(133,704)
<hr/>		
Total equipment, net	\$	-

NOTE 7 – SCHOOL FACILITIES

Effective July 1, 2011, the School entered into an agreement with the Louisiana State Department of Education through its Recovery School District (RSD), which allows the School to use the school facilities and its contents located at 11755 Dwyer Road, New Orleans, Louisiana 70128. The agreement expired on June 30, 2016. The agreement with the Louisiana State Department of Education was extended for 6 more years as of July 1, 2016.

Alterations made by the School shall not diminish the value of the property at the time the alterations are approved. Any physical additions or improvements to the property will become property of the RSD. All assets purchased with public funds obtained from public sources will automatically revert to RSD at the time the charter school agreement is terminated. The School must maintain records of all school property in compliance with RSD policy and shall update the School's property inventory quarterly.

The School is responsible for repair and replacement of physical property. In addition, the School is responsible for and obligated to provide for routine maintenance and repairs such that the facilities and property are maintained in as good conditional as when the right of use was acquired, excluding ordinary wear.

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

NOTE 8 – CONTINGENCIES

The School is the recipient of grant funds from various federal and state agencies. The grants are governed by various guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of the School and are subject to audit and/or review by the applicable funding sources. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – RISK MANAGEMENT

The School is exposed to various risks of loss from torts, theft of, damage to, and destruction of assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the year ended June 30, 2018.

NOTE 10 – MINIMUM FOUNDATION PROGRAM (MFP)

The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in the School as of October 1st. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the year ended June 30, 2018, the School recognized revenue of \$2,306,831 for State MFP.

The Orleans Parish School Board (OPSB) provides funding to the State of Louisiana collected from local agencies, which pass through to the School as Local MFP. Revenues received by OPSB from sales taxes, ad valorem taxes, and other sources are allocated to each school based on its enrollment as of June 30. For the year ended June 30, 2018, the School recognized revenue of \$2,962,398 for Local MFP.

NOTE 11 – FUNDS HELD ON BEHALF OF OTHERS (SCHOOL STUDENT ACTIVITY FUND)

The School acts as a custodian for student activities accounts. Funds held on behalf of these groups amounted to \$61,944 at June 30, 2018, and is reported as both an asset (cash held for others – school student activity fund) and a liability (deposits held for others – school student activity fund). Consequently, there is no effect on the School's net assets.

NOTE 12 – BOARD OF DIRECTORS' COMPENSATION

The members of the Board of Directors serve in a voluntary capacity, therefore, no compensation, per diem, or travel allowances were paid to any board member during the year ended June 30, 2018.

NOTE 13 – SUBSEQUENT EVENTS

The School is required to evaluate events or truncations that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. The School performed such an evaluation through December 27, 2018, the date which the financial statement were available to be issued, and noted no subsequent events or transactions occurred after the statement of financial position date requiring recognition or disclosure.



Supplementary Information

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**

For the Year Ended June 30,

2018

Agency Head Name: Kelly Batiste, Principal

PURPOSE	AMOUNT
Salary	\$ 112,200
Benefits-health insurance	5,212
Benefits-retirement	7,854
Deferred compensation	-
Workers comp	360
Benefits-life insurance	21
Benefits-long term disability	625
Benefits-Fica and Medicare	8,583
Car allowance	-
Vehicle provided by government	-
Cell phone	952
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	7,602
	\$ 143,409

See independent auditors' report.



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

To the Board of Directors of
Community Leaders Advocating Student Success, Inc.
d/b/a Fannie C. Williams Charter School
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Leaders Advocating Student Success, Inc. d/b/a Fannie C. Williams Charter School (the School) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

December 27, 2018



Carr, Riggs & Ingram, LLC
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Community Leaders Advocating Student Success, Inc.
d/b/a Fannie C. Williams Charter School
New Orleans, Louisiana

Report on Compliance for The Major Federal Program

We have audited Community Leaders Advocating Student Success, Inc.'s (a nonprofit organization) (the School) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2018. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on The Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001, that we consider to be a significant deficiency.

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

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

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

December 27, 2018

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures</i>	<i>Amount Passed through to subrecipient</i>	<i>Total Federal Expenditures</i>
<i>Other Programs</i>					
United States Department of Education/Direct Program/Special Education Cluster					
Special Education Grants to States	84.027A		\$ 124,589		\$ 124,589
Special Education High Cost Services	84.027A		4,513		4,513
Special Education Preschool Grants	84.173		2,176		2,176
<i>Total Special Education Cluster</i>			131,278		131,278
United States Department of Education/Direct Programs					
Supporting Effective Instruction State Grants	84.367A		55,610		55,610
Student Support and Academic Enrichment Program	84.424A		5,442		5,442
Title I Grants to Local Educational Agencies	84.010A		464,790		464,790
<i>Total Department of Education</i>			657,120		657,120
United States Department of Health and Human Services/Direct Program/TANF Cluster					
Temporary Assistance for Needy Families	93.558		94,100		94,100
<i>Total TANF Cluster</i>			94,100		94,100
<i>Total United States Department of Health and Human Services</i>			94,100		94,100
<i>Total Expenditures of Federal Awards</i>			\$ 751,220		\$ 751,220

See Independent Auditors' Report and Notes to Schedule of Expenditures of Federal Awards



**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the revenues from federal awards of the School as defined in Note 1 to the School's basic financial statements. All federal awards were received directly from Federal agencies.

NOTE 2 - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The School elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the School's basic financial statements as federal grants.

NOTE 4 – LOAN

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

NOTE 5 – FEDERALLY FUNDED INSURANCE

The School has no federally funded insurance.

NOTE 6 – NONCASH ASSISTANCE

The School did not receive any federal noncash assistance for the fiscal year ended June 30, 2018.

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

I – SUMMARY OF AUDITORS’ RESULTS

1. The auditors’ report expresses an unmodified opinion on the financial statements of Community Leaders Advocating Student Success, Inc.
2. No instances of noncompliance material to the financial statements of the School, which would be required to be disclosed under *Government Auditing Standards*, were disclosed and identified during the audit.
3. One significant deficiency relating to the audit of the major federal award program is reported in the *Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
4. The *Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance* expresses an unmodified opinion on the major federal program.
5. There was one findings that is required to be reported in accordance with Uniform Guidance.
6. A management letter was not issued for the year ended June 30, 2018.
7. The program tested as major program for the year ended June 30, 2018 was:

<u>Program Title</u>	<u>CFDA No.</u>
Title I Grants to Local Educational Agencies	84.010
8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. The School does not qualify as a low-risk auditee.

II – FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE

None noted.

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

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

2018-001: PROCUREMENT SUSPENSION AND DEBARMENT

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

Federal Award Identification Number and Year: S010A170018 / 2018

Name of Federal Agency: Department of Education

Questioned Costs: No questioned costs noted.

Criteria: As described in 2 CFR Part 200, Appendix XI, Compliance Supplement, the Department of Education requires educational institutions to check for suspended or debarred vendors before paying federal expenditures to the vendors.

Condition: There is no control in place to ensure vendors are not suspended or debarred.

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

Cause: The School has no control in place over the compliance requirement over Procurement, Suspension and Debarment.

Auditors' Recommendation: Management should design, implement, and document policies and procedures to review that vendors are not suspended or debarred prior to disbursing federal funds.

Management's Response: See corrective action plan on page 25.

IV – MANAGEMENT LETTER

None issued.



**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

II – FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE

None noted.

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

None noted.

IV – MANAGEMENT LETTER

None issued.



Fannie C. Williams Charter School
C.L.A.S.S.
(Community Leaders Advocating Student Success)
11755 Dwyer Road
New Orleans, Louisiana 70128
Office (504) 373-6228 • Fax (504) 245-2796

Kelly S. Batiste, CEO/Principal

Corrective Action Plan
December 27, 2018

Community Leaders Advocating Student Success d/b/a Fannie C. Williams Charter School respectfully submits the following corrective action plan for the year ended June 30, 2018.

Name and address of independent public accounting firm:
Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

Audit Period:
Fiscal Year July 1, 2017 – June 30, 2018

The findings from the June 30, 2018 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule of findings and questioned costs.

2018-001: PROCUREMENT SUSPENSION AND DEBARMENT

Auditors' Recommendation: Management should design, implement, and document policies and procedures to review that vendors are not suspended or debarred prior to disbursing federal funds.

Action Taken: Management will design, implement, and document process to review vendors are not suspended or debarred prior to disbursing federal funds.

Sincerely,

Ms. Kelly Batiste
Principal/CEO



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111 Veterans Blvd. Suite 350
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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Community Leaders Advocating Student Success, Inc.,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Community Leaders Advocating Student Success, Inc. (the School) the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

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

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

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

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
SCHEDULES REQUIRED BY STATE LAW
(R.S 24:514 – PERFORMANCE STATISTICAL DATE)**

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 random sample of 10 classes to the October 1, 2017 roll books for those classes and determined that the class was properly classified on the schedule.

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

Education Levels/Experience 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 experience, 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.

Results: Two exceptions were found as a result of applying the procedures. Two teachers had the inappropriate years of experience per the PEP data.

Public School 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).

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

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
SCHEDULES REQUIRED BY STATE LAW
(R.S 24:514 – PERFORMANCE STATISTICAL DATE)**

opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Carri Riggs & Ingram, L.L.C.

December 27, 2018

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES
AND CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2018
SCHEDULE 1

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$	1,838,427
Other instructional staff activities		596,897
Instructional Staff Employee benefits		582,506
Purchased professional and technical services		101,027
Instructional materials and supplies		38,990
Less instructional equipment		-
Total teacher and student interaction activities	\$	3,157,847
Other instructional activities		141,937
Pupil support activities	\$	347,871
Less equipment for pupil support activities		-
Net pupil support activities		347,871
Instructional Staff Services	\$	171,176
Less equipment for instructional staff services		-
Net instructional staff services		171,176
School Administration	\$	637,526
Less: Equipment for School Administration		(2,604)
Net School Administration		634,922
Total general fund instructional expenditures	\$	4,453,753
Total general fund equipment expenditures	\$	2,604

Certain Local Revenue Sources

This section is not applicable to the School.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a FANNIE C. WILLIAMS CHARTER SCHOOL
CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2018
SCHEDULE 2

Combined School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	44%	53	35%	42	21%	25	1%	1
Elementary Activity Classes	65%	15	22%	5	9%	2	4%	1
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

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

**Community Leaders
Advocating Student Success, Inc.
(d/b/a Fannie C. Williams Charter School)**

AGREED-UPON PROCEDURES REPORT

For the Fiscal Period July 1, 2017 Through June 30, 2018



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRICpa.com



**Success Preparatory Academy
Table of Contents
June 30, 2018**

REPORT REQUIRED BY THE LOUISIANA LEGISLATIVE AUDITOR

Independent Accountants' Report on Applying Agreed-Upon Procedures

1



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Community Leaders Advocating Student Success, Inc.
d/b/a Fannie C. Williams Charter School
New Orleans, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Community Leaders Advocating Student Success, Inc. d/b/a Fannie C. Williams Charter School (the School) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The School's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the School's written policies and procedures and observe that they address each of the following categories:

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

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

b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; and (4) documentation required to be maintained for all bids and price quotes.

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

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

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

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions.

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

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

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

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

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

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

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

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

Results: Policy regarding travel and expense reimbursement does not identify the dollar thresholds by category of expense.

Board

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

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

Results: The articles states that the Board will meet at least quarterly, and Bylaws states that the Board should have at least 10 (ten) regular meeting held each year. The Board met six (6) times during the fiscal period with a quorum.

- b) Observe that 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.

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

Bank Reconciliations

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

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

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

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

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

Results: There was no evidence that a member of manager/board member reviewed each bank reconciliation.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

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

Collections

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

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

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

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

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

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

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee is responsible for reconciling collection documentation to the deposit.

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

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

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

- d) The employees responsible for reconciling cash collections to the general ledger by revenue source are not responsible for collecting cash, unless another employee verifies the reconciliation.

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

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

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

- 7. Randomly select two deposit dates for each of the 2 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 4 deposits and:

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

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

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

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

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

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

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

Results: Two out of four tested collections were not deposited within one business day of collection.

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

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

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

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

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

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties, and observe that job duties are proper segregated such that:

a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

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

b) At least two employees are involved in processing and approving payments to vendors.

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

c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employees is responsible for periodically reviewing changes to vendor files.

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

d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: There is not proper segregation of duties as the employee responsible for processing payments also mails the signed checks.

10. For the location selected under #8 above, obtain the School's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for the location, obtain supporting documentation for each location, obtain supporting documentation for each transaction and:

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

a) Observe that the disbursement matched the related original invoice/billing statement.

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

- b) Observe that the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

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

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

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

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

- 12. Using the listing prepared by management, select the card that was used during the fiscal period. Randomly select one monthly statement for the card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

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

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

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

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

- 13. Using the monthly statement selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe 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).

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

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

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

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

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

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

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

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

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

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

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

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

Contracts

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

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

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

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

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

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

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

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

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

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

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

The purpose of this report is solely to describe the scope of procedures performed on those C/C areas identified in the SAUPs, and the result of the procedures performed, 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.

Carri Riggs & Ingram, L.L.C.

December 27, 2018



Fannie C. Williams Charter School
C.L.A.S.S.
(Community Leaders Advocating Student Success)
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New Orleans, Louisiana 70128
Office (504) 373-6228 • Fax (504) 245-2796

Kelly S. Batiste, CEO/Principal

December 27, 2018

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

And

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

RE: Management's Response to Statewide Agreed-Upon Procedures
Community Leaders Advocating Student Success d/b/a Fannie C. Williams Charter School

Dear Sirs:

Community Leaders Advocating Student Success d/b/a Fannie C. Williams Charter School will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,

Kelly Batiste
Principle/CEO