

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING FINANCIAL STATEMENTS
For the Year Ended June 30, 2017



TWRU
CPAs & Financial Advisors

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To the Board of Directors
Community School for Apprenticeship Learning, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidating financial statements of Community School for Apprenticeship Learning, Inc. and its Subsidiary (a nonprofit organization), which comprise the consolidating statement of financial position as of June 30, 2017, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidating 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 consolidating 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 consolidating 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 consolidating financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidating financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating 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 consolidating financial statements referred to above present fairly, in all material respects, the financial position of Community School for Apprenticeship Learning, Inc. and Subsidiary as of June 30, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Supplementary and Other Information**

Our audit was conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. 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*, is presented for purposes of additional analysis and is not a required part of the consolidating 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 consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating 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 consolidating financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is required by Louisiana Revised Statute 24:513 (A)(3) and 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 29, 2017, on our consideration of Community School for Apprenticeship Learning, Inc. and its Subsidiary'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 Community School for Apprenticeship Learning, Inc. and Subsidiary's internal control over financial reporting and compliance.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 29, 2017

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
(See Notes to Financial Statements)
June 30, 2017

ASSETS

	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
CURRENT ASSETS:				
Cash	\$ 7,325,509	\$ -	\$ -	\$ 7,325,509
Accounts Receivable - MFP	157,589	-	-	157,589
Accounts Receivable - Federal Programs	282,964	-	-	282,964
Prepaid Expenses	146,033	-	-	146,033
TOTAL CURRENT ASSETS	7,912,095	-	-	7,912,095
PROPERTY AND EQUIPMENT:				
Land and Land Improvements	684,250	-	-	684,250
Buildings and Leasehold Improvements	5,925,635	1,995,966	-	7,921,601
Construction in Process	155,025	-	-	155,025
Furniture and Fixtures	210,757	-	-	210,757
Equipment	557,014	-	-	557,014
Transportation Vehicles	924	-	-	924
Landscaping	1,519	-	-	1,519
Land and Land Improvements - Virtual Academy	289,460	-	-	289,460
Buildings and Leasehold Improvements - Virtual Academy	1,842,698	-	-	1,842,698
Equipment - Virtual Academy	287,300	-	-	287,300
Furniture - Virtual Academy	13,562	-	-	13,562
TOTAL PROPERTY AND EQUIPMENT	9,968,144	1,995,966	-	11,964,110
Less Accumulated Depreciation	1,401,098	279,802	-	1,680,900
NET PROPERTY AND EQUIPMENT	8,567,046	1,716,164	-	10,283,210
OTHER ASSETS:				
Due from Related Party	1,432,369	-	(1,432,369)	-
TOTAL ASSETS	\$ 17,911,510	\$ 1,716,164	\$ (1,432,369)	\$ 18,195,305

LIABILITIES AND NET ASSETS

	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
CURRENT LIABILITIES:				
Accounts Payable	\$ 103,425	\$ -	\$ -	\$ 103,425
Accrued Payroll Taxes	100,466	-	-	100,466
Payroll Liabilities	71,327	-	-	71,327
Credit Card Payable	32,076	-	-	32,076
Due to LA Unclaimed Property	294	-	-	294
TOTAL CURRENT LIABILITIES	307,588	-	-	307,588
NON-CURRENT LIABILITIES:				
Due to Related Party	-	1,432,369	(1,432,369)	-
TOTAL LIABILITIES	307,588	1,432,369	(1,432,369)	307,588
NET ASSETS:				
Unrestricted	17,603,922	283,795	-	17,887,717
TOTAL NET ASSETS	17,603,922	283,795	-	17,887,717
TOTAL LIABILITIES AND NET ASSETS	\$ 17,911,510	\$ 1,716,164	\$ (1,432,369)	\$ 18,195,305

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF ACTIVITIES
(See Notes to Financial Statements)
For the Year Ended June 30, 2017

	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
CHANGES IN UNRESTRICTED NET ASSETS				
PUBLIC SUPPORT REVENUES AND OTHER SUPPORT:				
MFP School Payments	\$ 24,956,194	\$ -	\$ -	\$ 24,956,194
Support from Federal Programs	1,375,791	-	-	1,375,791
Support from State Programs	135,217	-	-	135,217
Management Fee	682,451	-	-	682,451
MFP Food Payments	16,819	-	-	16,819
Contributions	1,730	-	-	1,730
Interest Income	-	996	-	996
Rental Income	2,319	205,649	(205,649)	2,319
Miscellaneous Income and Student Fees	5,325	-	-	5,325
TOTAL PUBLIC SUPPORT REVENUES AND OTHER SUPPORT	27,175,846	206,645	(205,649)	27,176,842
EXPENDITURES:				
Program Expenses	17,240,503	53,724	(205,649)	17,088,578
Administrative Expenses	6,813,721	84,105	-	6,897,826
TOTAL EXPENDITURES	24,054,224	137,829	(205,649)	23,986,404
INCREASE IN UNRESTRICTED NET ASSETS	3,121,622	68,816	-	3,190,438
UNRESTRICITED NET ASSETS- BEGINNING OF YEAR	14,482,300	214,979	-	14,697,279
UNRESTRICTED NET ASSETS-END OF YEAR	\$ 17,603,922	\$ 283,795	\$ -	\$ 17,887,717

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
(See Notes to Financial Statements)
For the Year Ended June 30, 2017

	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
EXPENDITURES:				
PROGRAM AND INSTRUCTIONAL EXPENSES:				
Salaries	\$ 6,424,727	\$ -	\$ -	6,424,727
Substitute Teachers	89,117	-	-	89,117
Payroll Taxes	300,637	-	-	300,637
Retirement	918,854	-	-	918,854
Health Insurance	828,621	-	-	828,621
Worker's Compensation Insurance	24,523	-	-	24,523
Depreciation and Amortization	308,555	53,724	-	362,279
Regular Program Expenditures	7,762,789	-	-	7,762,789
Special Education Expenditures	92,811	-	-	92,811
Career and Technology Education Expenditures	13,965	-	-	13,965
Other Instructional Expenditures	159,941	-	-	159,941
Rent	205,649	-	(205,649)	-
Non-Instructional: Food Service Operations	110,314	-	-	110,314
TOTAL PROGRAM EXPENSES	17,240,503	53,724	(205,649)	17,088,578
SUPPORT AND ADMINISTRATIVE EXPENSES:				
Salaries	1,213,051	-	-	1,213,051
Payroll Taxes	55,987	-	-	55,987
Retirement	173,608	-	-	173,608
Health Insurance	156,559	-	-	156,559
Worker's Compensation Insurance	4,567	-	-	4,567
Depreciation and Amortization	-	23,138	-	23,138
Pupil Support Services	342,364	-	-	342,364
Instructional Staff Services	2,842	-	-	2,842
General Administration	84,299	-	-	84,299
School Administration	2,734,705	-	-	2,734,705
Business Services	94,955	-	-	94,955
Operation and Maintenance of Plant Services	635,176	-	-	635,176
Student Transportation Services	403,543	-	-	403,543
Central Services	21,944	-	-	21,944
Interest Expense	59,634	60,967	-	120,601
School Board - Indirect Costs	57,401	-	-	57,401
Management Fee	682,450	-	-	682,450
Facility Acquisition & Construction Services	90,636	-	-	90,636
TOTAL ADMINISTRATIVE EXPENSES:	6,813,721	84,105	-	6,897,826
TOTAL EXPENDITURES	\$ 24,054,224	\$ 137,829	\$ (205,649)	\$ 23,986,404

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF CASH FLOWS
(See Notes to Financial Statements)
For the Year Ended June 30, 2017

	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received for MFP	\$ 25,000,499	\$ -	\$ -	\$ 25,000,499
Cash Received from Federal Grants	1,092,827	-	-	1,092,827
Cash Received from Other Sources	824,723	-	-	824,723
Cash Received for Rent	2,319	190,787	(190,787)	2,319
Interest Received	-	996	-	996
Cash Paid to Employees	(7,637,778)	-	-	(7,637,778)
Cash Paid for Interest	(59,634)	(66,735)	-	(126,369)
Cash Paid for Goods and Services	(16,164,949)	-	190,787	(15,974,162)
NET CASH PROVIDED BY OPERATING ACTIVITIES:	3,058,007	125,048	-	3,183,055
CASH FLOWS FROM INVESTING ACTIVITIES:				
Payments for Buildings and Improvements	(1,368,903)	-	-	(1,368,903)
Payments for Equipment	(47,649)	-	-	(47,649)
Loans (to)/from Parent/Subsidiary	(1,074,964)	1,074,964	-	-
Transfers to Restricted Reserve Accounts	-	(45,131)	-	(45,131)
Transfers from Restricted Reserve Accounts	-	327,783	-	327,783
NET CASH USED BY INVESTING ACTIVITIES	(2,491,516)	1,357,616	-	(1,133,900)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from Long Term Borrowings	879,152	-	-	879,152
Repayments of Long Term Debt	(1,117,962)	(1,482,664)	-	(2,600,626)
NET CASH USED BY FINANCING ACTIVITIES	(238,810)	(1,482,664)	-	(1,721,474)
NET INCREASE IN CASH	327,681	-	-	327,681
BEGINNING CASH BALANCE	6,997,828	-	-	6,997,828
ENDING CASH BALANCE	\$ 7,325,509	\$ -	\$ -	\$ 7,325,509

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Community School for Apprenticeship Learning, Inc. (CSAL) is an independent public middle school with a charter to operate in East Baton Rouge Parish expiring June 30, 2026. During the 2016-2017 school year, CSAL had an enrollment of 281 students and teaches using a project based instruction as one of the primary tools of delivery.

During 2009, the School applied for and received a Type 2 charter to operate a public high school in East Baton Rouge Parish. At the High School, students focus on either a liberal arts or a math/science student track, with their senior year focusing on the specific academic track and allowing students to intern with local companies to get experience and exposure in the workplace in areas related to their academic track. During the 2016-2017 school year, Madison Preparatory Academy (MPA) had an enrollment of 510 students in ninth through twelfth grades. The charter to operate in East Baton Rouge Parish expiring June 30, 2017. MPA received a renewal charter to operate in East Baton Rouge Parish expiring June 30, 2021.

During 2011, the School applied for and received a Type 2 charter to operate Louisiana Virtual Charter Academy (LAVCA), a public virtual school operated in Louisiana for grades Kindergarten through eleventh grade. The school operates through a partnership with K12 through an online instructional program. During the 2016-2017 school year, LAVCA had an enrollment of 1,914 students. LAVCA has a charter to operate in Louisiana expiring June 30, 2019.

The School is a nonprofit school as described in Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. Making Education Count, Inc. (MEC) was organized to obtain a loan to construct a gym for Community School for Apprenticeship Learning. MEC is a nonprofit school as described in Section 501 (c) (2) of the Internal Revenue Code and is exempt from federal and state income taxes.

Principles of Consolidation – The accompanying financial statements reflect the consolidating financial statements of Community School for Apprenticeship Learning, Inc. (School) and Making Education Count, Inc. (Subsidiary). The Board of Directors for the School is also the Board of Directors for the Subsidiary. The Subsidiary obtained a loan for the construction of a building to be used solely by the School. Material inter-company transactions have been eliminated.

Basis of Accounting – The financial statements were prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation – The Organization 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. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the directions of the governing board. Temporarily restricted assets are resourced that are limited by donor-imposed stipulations that either expires by passage of time or can be fulfilled and removed by specific action pursuant to those stipulations. Permanently restricted assets are those resources whose use is limited to donor-imposed stipulations that neither expires by passage of time nor can be fulfilled or otherwise removed by specific action.

Support – The school is issued monthly per pupil Minimum Foundation Program (MFP) distributions as determined by the State Department of Education and the East Baton Rouge Parish School Board. The distribution is based on the October 1 enrollment and is adjusted accordingly for any State Department of Education audit adjustments. The School also applies for various grants from the private and public sector. The grants are for specific items and are nonrecurring.

Program – The sole program of the School is an instructional programming.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
June 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations – For the year ended June 30, 2017, the School received approximately 11% of its annual revenue from the East Baton Rouge Parish School Board and 86% from State of Louisiana Department of Education funding.

For the year ended June 30, 2017, LAVCA maintains a contract with one supplier for all of their instructional materials and supplies.

Contributions – Contributions received are allocated as restricted or unrestricted based on the donors' stipulations.

Donated Services – No amounts have been reflected in the financial statements for donated services. The School generally pays for services requiring specific expertise. Some Board members volunteer their time and perform a variety of tasks that assist with administrative programs.

Functional Expenses – The costs of providing various program and administrative services have been reported on a functional basis in the Consolidating Statement of Activities and the Consolidating Statement of Functional Expenses. Accordingly, certain costs have been allocated among the various program and administrative services based on estimates made by management.

Cash and Cash Equivalents – The School and Subsidiary both consider all unrestricted, highly liquid investments purchases with maturity of three months or less to be cash equivalents.

Accounts Receivable – Bad debts are charged to operations in the year in which the account is determined uncollectible. If the allowance method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements. No amounts for an allowance for bad debts have been established as the School expects to collect the balance in full.

Property and Equipment – Purchased property and equipment is recorded at cost. Acquisitions of land, buildings, and improvements in excess of \$20,000 are capitalized. Furniture and equipment in excess of a range of \$1,000 to \$5,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful life of the assets. Estimated useful lives range from three to 10 years for most furniture, equipment, and major improvements and 50 years for buildings.

Repair and maintenance costs are expensed as incurred. When property and equipment are retired or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective year.

Construction in progress costs represent cumulative costs of projects not complete and not yet placed in service. No depreciation was taken on these capitalized costs. Construction in progress was \$155,025 for the year ended June 30, 2017.

Loan Costs – The loan was paid off in March 2017 and the remaining \$23,138 in loan costs were expensed.

Advertising – The School expenses advertising costs as they are incurred. Advertising costs during 2017 were \$453.

Use of Estimates – Management used estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
June 30, 2017

NOTE 2: ACCOUNTS RECEIVABLE

Accounts receivable - MFP at June 30, 2017 represent the amount due from the East Baton Rouge Parish School Board for June 2017 MFP net of monthly expenses paid directly to the School Board through deduction from total support.

Accounts receivable – Federal Programs at June 30, 2017 represent the amount due from various federal grants for reimbursements of expenses as of June 30, 2017.

NOTE 3: OPERATING LEASE

The School leases its facilities from the East Baton Rouge Parish School Board on a year-to-year basis. On December 18, 2008, the school entered into a new lease agreement with the school board which reduced the monthly rent charged to the school to \$100. Total rent paid during the year ended June 30, 2017 was \$1,200. The new lease agreement was extended for the same terms for until June 30, 2029. As a term of the agreement the School is responsible for utilities expense, janitorial expenses, and other repairs.

The School has a lease agreement with the Subsidiary to lease the gym facilities for \$18,412 per month through December 30, 2020. Actual rent payments were \$17,175 a month for nine months (9). The School paid the loan in full in March 2017 and was no longer required to make payments to the reserve accounts. The School will continue to reduce the amount owed to the School by the Subsidiary by the \$17,175 a month for the remainder of the lease agreement. The School is responsible utilities, property taxes, insurance, and repairs. These transactions are eliminated in the consolidating financial statements.

LAVCA leases classroom space for presentations and testing on an as needed basis and office equipment as needed on a monthly basis.

Total rent paid to outside parties for 2017 totaled \$129,157. Rent paid between the School and Subsidiary for 2017 was \$190,787.

Not including rent paid by the School to the Subsidiary, estimated annual rental obligation for the next five years is \$1,200 each year. Estimated annual rental obligations of the School to the Subsidiary for the next five years are an additional \$206,100 per year.

NOTE 4: RETIREMENT PLAN

Some School employees of CSAL and MPA are covered by the Teachers' Retirement System of Louisiana. Employees are required to defer 8% of their salary into the plan. For the year ended June 30, 2017, the School contributed an additional 25.5% for most employees, depending on the plan they participate in. School employees who work for LAVCA participate in a 403(b) plan. The School contributes 5% of employees' salaries into the plan. During the year ended June 30, 2017, the School contributed \$1,092,462 into all the retirement plans.

NOTE 5: INCOME TAXES

On July 1, 2009, the Organization adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Organization's administration recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization's administration has evaluated its position regarding the accounting for uncertain income tax positions. The Organization's administration does not believe that it has any uncertain tax positions. With few exceptions, the Organization is no longer subject to federal, state, or local tax examinations by tax authorities for years before June 30, 2014.



COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
June 30, 2017

NOTE 6: LONG-TERM DEBT

On December 30, 2010, the Subsidiary entered into a seven year loan payable to Self-Help New Markets VII, L.L.C. in the initial principle amount of \$1,750,000. The School guaranteed the loan unconditionally. Commencing on February 1, 2011, through July 1, 2011, the School made payments of interest in monthly installments based on a 5.68% interest rate and the daily principle balance of the loan. Commencing on August 1, 2011, the School began making payments of principle and interest in monthly installments of \$12,221, with a final payment of all unpaid principle and interest due on the maturity date of March 31, 2017. The balance owed on this loan at June 30, 2017 was \$0.

On April 21, 2016, the School entered into a construction loan that would become a permanent loan payable to Self-Help Credit Union with a maximum borrowing capacity of \$2,000,000. Interest accrues on the principal balance at a rate of 4.5% per annum. Interest only payments were due through September 2016. Starting October 1, 2016, the School began making payments of principle and interest in monthly installments of \$8,605, with a final payment of all unpaid principle and interest due on the maturity date of October 1, 2030. On June 15, 2017, the School paid all unpaid principle and interest on the loan, and the balance owed on this loan at June 30, 2017 was \$0.

NOTE 7: SUPPLEMENTAL DISCLOSURE OF CONSOLIDATED CASH FLOW INFORMATION

Reconciliation of increase in net assets to net cash provided by operating activities:

	2017
Increase in Net Assets	\$3,190,438
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	385,417
Disposition of Construction in Progress	(13,690)
Decrease in Accounts Receivable – MFP	27,486
Increase in Accounts Receivable – Federal Programs	(282,964)
Increase in Prepaid Expenses	(84,907)
Decrease in Accounts Payable	(70,425)
Increase in Payroll Taxes Payable	4,129
Increase in Payroll Liabilities	54,612
Decrease in Credit Card Payable	(16,594)
Decrease in Accrued Interest	(5,768)
Decrease in Other Payable	(4,679)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$3,183,055</u>

Cash paid for interest expense during the year ended June 30, 2017 was \$120,601.

NOTE 8: CONCENTRATION OF CREDIT RISK

During the year, the School and the Subsidiary maintained cash balances at two financial institutions. As of June 30, 2017, the balances at one financial institution were in excess of the FDIC insurance limit by \$8,316,988.

NOTE 9: COMMITMENTS

On June 30, 2017, the School entered a construction contract agreement for the labor, materials, tools, equipment, and supplies required to complete the Madison Prep Practice Gym for \$1,318,764. The School will not finance the construction.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
June 30, 2017

NOTE 10: SUBSEQUENT EVENTS

The School has evaluated all subsequent events through December 29, 2017, the date the financial statements were available to be issued.

As of the December 29, 2017, the lawsuit involving the Louisiana Association of Educators (LAE) vs. the State of Louisiana, wherein LAE is stating that Type 2 charter schools do not meet the definition of a school and should not qualify for MFP funding, has been heard by the Louisiana Supreme Court and a decision has not yet been made.



COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(See Independent Auditors' Report)
For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Education - Title I - Part A Title I Grants to Local Educational Agencies Louisiana Department of Education	84.010A	681	\$ 868,676	\$ -
U.S. Department of Education - IDEA Part B Special Education-Grants to States Louisiana Department of Education	84.027A	681	345,659	-
U.S. Department of Education - IDEA Preschool Louisiana Department of Education	84.173A	681	483	-
U.S. Department of Education - Title II Title II, Part A, Teacher and Principal Training and Recruiting Fund Louisiana Department of Education	84.367A	681	73,894	-
U.S. Department Of Agriculture - School Lunch Program	10.555	N/A	<u>87,079</u>	<u>-</u>
Total			<u>\$ 1,375,791</u>	<u>\$ -</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community School for Apprenticeship Learning, Inc. and is presented on the accrual basis of accounting. The information in this schedule is in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of Community School for Apprenticeship Learning, it is intended to and does not present the financial position, changes in net assets, or cash flows of Community School for Apprenticeship Learning, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Community School for Apprenticeship Learning, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS, AND OTHER PAYMENTS TO
AGENCY HEAD, POLITICAL SUBDIVISION HEAD, OR CHIEF EXECUTIVE OFFICER
(See Independent Auditors' Report)
For the Year Ended June 30, 2017

Agency Head: Dujan Johnson, Chief Executive Officer

<u>PURPOSE</u>	<u>Totals</u>
Benefits - Medical Insurance	\$ 12,902
Benefits - Retirement	51,041
Cellular Phone	1,168
Salary	<u>217,660</u>
TOTAL PAYMENTS TO AGENCY HEAD	<u><u>\$ 282,771</u></u>

No board members were paid for any services.



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

To the Board of Directors
Community School of Apprenticeship Learning, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidating financial statements of Community School of Apprenticeship Learning, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidating statement of financial position as of June 30, 2017, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 29, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community School of Apprenticeship Learning, Inc. and Subsidiary's (the School) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. See finding 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

The School's Response to Findings

The School's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 29, 2017

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
Community School for Apprenticeship Learning, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Community School of Apprenticeship Learning, Inc. and Subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community School of Apprenticeship Learning and Subsidiary's (the School) major federal programs for the year ended June 30, 2017. The School's major federal programs are 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs 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; 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 each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each 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 each of its major federal programs for the year ended June 30, 2017.

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 each 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 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 29, 2017

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditors' report issued on compliance for major federal programs: **Unmodified Opinion**

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? Yes No

Identification of major federal programs: Title I, Part A CFDA 84.010A

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

Auditee qualified as low-risk auditee? Yes No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

Finding 2017-001

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None reported.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

Finding Reference Number 2017-001

Criteria: Proper internal controls should be in place to provide reasonable assurance that asset and liability accounts are properly reconciled and that the reconciliations are timely reviewed by management.

Effect: Due to the failure to reconcile these accounts correctly, the note payable balance was incorrectly stated; plant, property, and equipment balances were understated; intercompany transactions were incorrectly recorded; and revenue and expenses were over/under stated.

Cause: There were no procedures in place to reconcile notes payable and intercompany transactions. There were no procedures in place for management to review the reconciliations that were prepared by the outside accounting firm.

Auditors' Recommendation: We recommend procedures that implement required reconciliations of all major asset and liability accounts. We recommend that intercompany transactions should be recorded through a clearing account and reconciled. Management should request and review reconciliations and general ledger detail each month.

Views of Management

And Planned Corrective Action: Management has reviewed the findings and agrees with the recommended procedures. Management will discuss the findings with the accounting firm and see that the recommended procedures have been implemented in the future. Management is confident this deficiency will not continue in the future.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No findings reported.

No questioned costs reported.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2017

Finding 2016-001

For the year ended June 30, 2016, the accounting service provider was not using the same chart of accounts as management and expenditures were not coded to the proper expense categories. Management had to correctly reclassify the account coding after year end.

Corrective Action Taken: During the year ended June 30, 2017, the School's management worked with the outside accounting firm to revise the chart of accounts used by the outside accounting firm in the financial reporting process so that the chart of accounts match the AFR account listing and the chart of accounts used by the School's personnel. The School personnel used the new chart of accounts on the processing instructions for expenditures and the outside accounting firm coded transactions according to the processing instructions. This new system allowed the general ledger coding to match up with the financial statement coding used for the AFR and the audited financial statement preparation. The new system eliminated the need for management to make reclassification journal entries in order to prepare financial reports.

To the Board of Directors
Community School for Apprenticeship Learning, Inc.,
The Louisiana Department of Education, and
The Louisiana Legislative Auditor
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by Community School for Apprenticeship Learning (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, 2017; 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 described below either for the purpose for which this report has been requested or for any other purpose.

The procedures were performed on data relating to Madison Preparatory Academy and Louisiana Virtual Charter Academy and not Community School for Apprenticeship Learning Middle School for the year ended June 30, 2017. Both Madison Preparatory Academy and Louisiana Virtual Charter Academy are schools operated by Community School for Apprenticeship Learning.

The procedures and associated findings are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedules 1a and 1b)

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
 - Nonpublic Transportation Revenue

Results: No exceptions were found.

Education Levels of Public School Staff (Schedules 2a and 2b)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedules 4a and 4b) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1, 2016.

Results: No exceptions were found.

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedules 4a and 4b) to the combined total of principals and assistant principals per this schedule.

Results: No exceptions were noted.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

Results: No exceptions were noted.

Number and Type of Public Schools (Schedules 3a and 3b)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Results: No exceptions were noted.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedules 4a and 4b)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Results: One of the employee's files could not substantiate the experience level.

Public School Staff Data: Average Salaries (Schedules 5a and 5b)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Results: No exceptions were noted.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

Results: No exceptions were noted.

Class Size Characteristics (Schedules 6a and 6b)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedules 3a and 3b data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

Results: Four of the ten class roll books had one additional students than the class size as reported to the Louisiana Department of Education. Two of the ten were not properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Any Parish School Board.

Results: No exceptions were noted.

Graduation Exit Examination (GEE) (Schedule 8)

11. The Graduation Examination (GEE) is no longer administered. This schedule is no longer applicable.

iLEAP Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Any Parish School Board.

Results: No exceptions were noted.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Community School for Apprenticeship Learning, Inc., the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 29, 2017

Community School for Apprenticeship Learning, Inc.
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, 2017

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

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

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teacher's salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

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. This data is currently reported to the Legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 8 - Graduation Exit Examination (GEE)

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 9 -iLEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, and 7 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

**CSAL, Inc.
Madison Preparatory Academy
Baton Rouge, Louisiana**

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2017**

<u>General Fund Instructional and Equipment Expenditures</u>	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 1,496,252	
Other Instructional Staff Salaries	99,634	
Instructional Staff Employee Benefits	693,912	
Purchased Professional and Technical Services	106,064	
Instructional Materials and Supplies	95,308	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	<u> -</u>	\$ 2,491,170
Other Instructional Activities		18,120
Pupil Support Services	99,501	
Less: Equipment for Pupil Support Services	<u> -</u>	
Net Pupil Support Services		99,501
Instructional Staff Services	-	
Less: Equipment for Instructional Staff Services	<u> -</u>	
Net Instructional Staff Services		<u> -</u>
School Administration	727,981	
Less: Equipment for School Administration	<u> -</u>	
Net School Administration		<u>727,981</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 3,336,772</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ -</u>

*Remainder of the BESE Schedule I does not apply to the School

CSAL, Inc.
Louisiana Virtual Charter Academy
Baton Rouge, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2017**

<u>General Fund Instructional and Equipment Expenditures</u>	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$2,428,081	
Other Instructional Staff Salaries	\$214,097	
Instructional Staff Employee Benefits	\$799,266	
Purchased Professional and Technical Services	\$4,216,318	
Instructional Materials and Supplies	\$2,007,357	
Instructional Equipment	<u>\$10,254</u>	
Total Teacher and Student Interaction Activities		\$9,675,373
Other Instructional Activities		\$89,590
Pupil Support Services	\$698,085	
Less: Equipment for Pupil Support Services	<u>\$0</u>	
Net Pupil Support Services		\$698,085
Instructional Staff Services	\$0	
Less: Equipment for Instructional Staff Services	<u>\$0</u>	
Net Instructional Staff Services		<u>\$0</u>
School Administration	\$3,947,797	
Less: Equipment for School Administration	<u>\$0</u>	
Net School Administration		<u>\$3,947,797</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$14,410,845</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$8,907</u>

*Remainder of the BESE Schedule I does not apply to the School

**CSAL, Inc.
Madison Preparatory Academy
Baton Rouge, Louisiana**

**Education Levels of Public School Staff
As of October 1, 2016**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	0%	1	9%	-	0%	-	0%
Bachelor's Degree	13	62%	6	27%	-	0%	-	0%
Master's Degree	6	33%	3	64%	2	100%	-	0%
Master's Degree + 30	2	5%	-	0%	-	0%	-	0%
Specialist in Education	-	0%	-	0%	-	0%	-	0%
Ph. D. or Ed. D.	-	0%	-	0%	-	0%	-	0%
Total	21	100%	10	100%	2	100%	-	0%

CSAL, Inc.
Louisiana Virtual Charter Academy
Baton Rouge, Louisiana

Education Levels of Public School Staff
As of October 1, 2016

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certified		Uncertified		Certified		Uncertified	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	-	0%	-	0%	-	0%	-	0%
Bachelor's Degree	27	48%	-	0%	-	0%	-	0%
Master's Degree	23	41%	1	100%	-	0%	-	0%
Master's Degree + 30	6	10%	-	0%	-	0%	-	0%
Specialist in Education	-	0%	-	0%	-	0%	-	0%
Ph. D. or Ed. D.	-	0%	-	0%	-	0%	-	0%
Total	56	100%	1	100%	-	0%	-	0%

CSAL, Inc.
Madison Preparatory Academy
Baton Rouge, Louisiana

**Number and Type of Public Schools
For the Year Ended June 30, 2017**

Type	Number
Elementary	-
Middle/Jr. High	-
Secondary	1
Combination	-
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

CSAL, Inc.
Louisiana Virtual Charter Academy
Baton Rouge, Louisiana

**Number and Type of Public Schools
For the Year Ended June 30, 2017**

Type	Number
Elementary	-
Middle/Jr. High	-
Secondary	-
Combination	1
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

CSAL, Inc.
Madison Preparatory Academy
Baton Rouge, Louisiana

**Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
As of October 1, 2016**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	1	-	-	1
Principals	-	-	-	-	-	1	-	1
Classroom Teachers	3	4	9	6	3	4	2	31
Total	3	4	9	6	4	5	2	33

CSAL, Inc.
Louisiana Virtual Charter Academy
Baton Rouge, Louisiana

**Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers
As of October 1, 2016**

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	-	-	-	-
Principals	-	-	-	-	-	-	-	-
Classroom Teachers	1	-	32	10	6	6	2	57
Total	1	-	32	10	6	6	2	57

CSAL, Inc.
Madison Preparatory Academy
Baton Rouge, Louisiana

**Public School Staff Data: Average Salaries
For the Year Ended June 30, 2017**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$ 49,795.94	\$ 49,886.00
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 47,957.84	\$ 49,886.00
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	30	28

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

CSAL, Inc.
Louisiana Virtual Charter Academy
Baton Rouge, Louisiana

**Public School Staff Data: Average Salaries
For the Year Ended June 30, 2017**

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$ 40,693.64	\$ 40,693.64
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 40,693.64	\$ 40,693.64
Number of Teacher Full-time Equivalent (FTEs) used in Computation of Average Salaries	51	51

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave); and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

CSAL, Inc.
Madison Preparatory Academy
Baton Rouge, Louisiana

Class Size Characteristics
As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0%	-	0%	-	0%	-	0%	-
Elementary Activity Classes	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High	0%	-	0%	-	0%	-	0%	-
Middle/Jr. High Activity Classes	0%	-	0%	-	0%	-	0%	-
High	48%	95	38%	74	14%	28	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.

CSAL, Inc.
Louisiana Virtual Charter Academy
Baton Rouge, Louisiana

Class Size Characteristics
As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0%	-	0%	-	0%	-	0%	-
Elementary Activity Classes	0%	-	0%	-	0%	-	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	40%	87	4%	9	3%	7	52%	112
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.

CSAL, Inc.
Louisiana Virtual Charter Academy
Baton Rouge, Louisiana

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	1	0	0	3	1
Mastery	28	23	23	16	24	12
Basic	26	21	15	23	20	15
Approaching Basic	17	31	23	26	22	15
Unsatisfactory	28	24	40	36	30	57
Total	100	100	101	101	99	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	3	2	1	0	10
Mastery	18	26	14	9	17	22
Basic	29	25	34	21	20	39
Approaching Basic	24	27	31	30	34	14
Unsatisfactory	29	19	19	39	29	15
Total	101	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	0	2	1	1	0
Mastery	26	20	29	7	10	16
Basic	31	28	32	16	20	16
Approaching Basic	29	33	23	34	34	37
Unsatisfactory	13	20	15	41	35	32
Total	100	101	101	99	100	101

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	4	0	0	1	0
Mastery	27	23	27	14	13	14
Basic	30	38	42	19	27	30
Approaching Basic	27	22	20	35	37	39
Unsatisfactory	15	12	10	32	22	17
Total	100	99	99	100	100	100

CSAL, Inc.
Louisiana Virtual Charter Academy
Baton Rouge, Louisiana

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	5	7	4	1	1	2
Mastery	30	25	26	11	13	13
Basic	29	32	29	32	31	30
Approaching Basic	24	24	23	38	37	30
Unsatisfactory	13	12	16	18	17	24
Total	101	100	98	100	99	99

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4	11	5	2	2	1
Mastery	26	34	34	20	24	22
Basic	32	30	33	26	26	23
Approaching Basic	25	18	12	27	28	25
Unsatisfactory	13	6	16	25	20	29
Total	100	99	100	100	100	100

CSAL, Inc.
Baton Rouge, Louisiana

Graduation Exit Examination (GEE)
For the Year Ended June 30, 2017

The Graduation Exit Examination is no longer administered. This schedule is no longer applicable.

CSAL, Inc.
Louisiana Virtual Charter Academy
Baton Rouge, Louisiana

**Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017**

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	5	13	6	4	N/A	0
Mastery	19	17	15	13	N/A	15
Basic	35	38	34	21	N/A	34
Approaching Basic	22	18	14	26	N/A	22
Unsatisfactory	19	15	31	35	N/A	29
Total	100	101	100	99	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	4	1	3	N/A	0
Mastery	12	13	14	10	N/A	12
Basic	38	39	42	17	N/A	41
Approaching Basic	31	27	28	20	N/A	20
Unsatisfactory	16	18	16	49	N/A	27
Total	100	101	101	99	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	2	2	1	N/A	5
Mastery	14	17	21	6	N/A	15
Basic	39	36	37	17	N/A	45
Approaching Basic	26	25	23	30	N/A	17
Unsatisfactory	19	21	18	46	N/A	18
Total	100	101	101	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	4	2	2	N/A	7
Mastery	18	16	17	13	N/A	8
Basic	48	44	49	18	N/A	51
Approaching Basic	20	21	21	33	N/A	21
Unsatisfactory	11	16	11	33	N/A	12
Total	100	101	100	99	N/A	99

CSAL, Inc.
Louisiana Virtual Charter Academy
Baton Rouge, Louisiana

**Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2017**

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4	4	6	5	N/A	3
Mastery	20	21	20	15	N/A	14
Basic	45	38	38	21	N/A	33
Approaching Basic	17	25	19	24	N/A	28
Unsatisfactory	14	12	16	35	N/A	21
Total	100	100	99	100	N/A	99
District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	5	3	9	N/A	0
Mastery	25	22	18	23	N/A	14
Basic	33	41	35	24	N/A	41
Approaching Basic	30	21	25	29	N/A	24
Unsatisfactory	9	11	19	15	N/A	21
Total	100	100	100	100	N/A	100

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Community School for Apprenticeship Learning, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Community School for Apprenticeship Learning, Inc. (Entity) 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, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
No Exceptions Noted.
 - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
No Exceptions Noted.
 - c) **Disbursements**, including processing, reviewing, and approving
No Exceptions Noted.
 - d) **Receipts**, including receiving, recording, and preparing deposits
No Exceptions Noted.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
No Exceptions Noted.
 - 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
No Exceptions Noted.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
No Exceptions Noted.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
No Exceptions Noted.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
No Exceptions Noted.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Not Applicable.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
No Exceptions Noted.
- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
Exception: Only two of the months referenced budget-to-actual comparisons.
Management's Response/Corrective Action: Monthly budget to actuals are reported each month, however, the details regarding the finance reporting has not been significant due to change in personnel of recording the minutes. We will work to ensure meeting recorders outline all pertinent information in future meetings.
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
Not Applicable.
- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.
No Exceptions Noted.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

No Exceptions Noted.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

No Exceptions Noted.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

Exception: Bank Reconciliations are prepared by the outside CPA and are not reviewed by management or a board member.

Management's Response/Corrective Action: Management will ensure that monthly bank statements are received timely and reviewed by responsible board member as indicated with his/her signature of review.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No Exceptions Noted.

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

No Exceptions Noted.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement. For each cash collection location selected:

a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Exception: The Principal and Administrative Assistant share a cash drawer.

Management's Response/Corrective Action: Management acknowledges that the Administrative Assistants are responsible for the cash drawer and the Principals are only back-ups to that drawer, in the event of absences. If this procedure is unacceptable, Management will change the procedures to ensure only the Administrative Assistant is the responsible party and has an isolated drawer with a separate key and access restricted from all other personnel. Back up keys will be kept in a locked box in the corporate office.

b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

No Exceptions Noted.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

➤ Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Exception: Five out of the ten deposits we tested had more than one day between collection and deposit or did not have a documented collection date.

Management's Response/Corrective Action: Management will review policies and procedures to ensure timely collections are followed and will meet with all personnel involved with this process to explain procedures and/or penalties for noncompliance.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Exception: Two of the ten deposits we tested contained collections that were not fully supported by collection documentation.

Management's Response/Corrective Action: Management agrees that 1 of the 10 deposits was not fully supported. The Honor Society deposit was a Chik-fil-A fundraiser where the students purchased lunch on site to a cash drawer and receipts were not needed. The deposit was submitted correctly. Management has implemented the policy that all funds collected from families/students be accompanied by a receipt and that copies of those receipts are to be submitted with the deposit.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

No Exceptions Noted.

Disbursements – General

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

No Exceptions Noted.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Exception: Five out of the twenty-five transactions tested did not have a purchase order.

Management's Response/Corrective Action: Management will work more diligently to guarantee all purchase procedures are followed completely, requiring the necessary documentation before release of payment.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

Exception: Five out of the twenty-five transactions tested did not have a purchase order approved by a person who did not initiate the purchase.

Management's Response/Corrective Action: Management will work more diligently to guarantee all purchase procedures are followed completely, requiring the necessary documentation before release of payment.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Exception: Out of the twenty-five transactions five did not have an approved purchase order and eleven did not have an approval noted on the invoice. None of them had a receiving report because the entity does not use receiving reports.

Management's Response/Corrective Action: Management will work more diligently to guarantee all purchase procedures are followed completely, requiring the necessary documentation before release of payment.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Exception: The outside CPA processes payments and adds vendors to the disbursement system.

Management's Response/Corrective Action: Management reviews the payables report listing and authorizes the addition of approved vendors.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

No Exceptions Noted.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No Exceptions Noted.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No Exceptions Noted.

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

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

No Exceptions Noted.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

Exception: Two of the five statements tested did not have any sign of review and three of the statements were not approved.

Management's Response/Corrective Action: Management will obtain proper approved signatures as well as expense coding to identify all credit card statements have been reviewed.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Exception: One of the five statements tested included an interest charge and a late fee.

Management's Response/Corrective Action: Management will review all accounts to verify payments are being released timely to avoid late fees and/or reach out to vendors to set up agreed pay dates to delete those penalties.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Exception: Fifty-three out of the one hundred fifty-two transactions tested were missing receipts.

Management's Response/Corrective Action: Management maintains receipts are a part of the credit card usage procedure, as well as proper authorization and will meet with all personnel involved with the use of credit cards to outline this process and explain procedures and/or penalties for noncompliance.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Exception: Not all of the transactions had documentation showing the business/public purpose and most of the meal charges lacked documentation of the individuals participating.

Management's Response/Corrective Action: Management has since put procedures in place to identify all purposes, people and particulars when participating in an event that requires the use of purchasing meals or any travel related items.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

No Exceptions Noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No Exceptions Noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No Exceptions Noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

No Exceptions Noted.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

No Exceptions Noted.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No Exceptions Noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

No Exceptions Noted.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

No Exceptions Noted.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No Exceptions Noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No Exceptions Noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No Exceptions Noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

No Exceptions Noted.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

No Exceptions Noted.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

➤ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

➤ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

Not Applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not Applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

No Exceptions Noted.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Exceptions: One of the contracts that was required to be approved by the Board per the policies was not found in the meeting minutes.

Management's Response/Corrective Action: The contract in question has been extensively discussed and voted on, however, it is the belief of Management that due to many construction activities going on that the details of this particular vote was not accurately recorded and possibly lumped with the major construction items. We will work to ensure meeting recorders outline all pertinent information in future minutes.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

No Exceptions Noted.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

No Exceptions Noted.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Exceptions: Four of the selected employees had attendance/leave documentation missing for at least one day of the pay period.

Management's Response/Corrective Action: Management will work with administrative staff to ensure all supporting documentation and signatures of requested leave documentation are available, as well as, attendance logs.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

No Exceptions Noted.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

No Exceptions Noted.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Not Applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No Exceptions Noted.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Not Applicable.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Not Applicable.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not Applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not Applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not Applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

No Exceptions Noted.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

No Exceptions Noted.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No Exceptions Noted.

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

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

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 29, 2017