
EDUCATORS FOR QUALITY ALTERNATIVES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022



EDUCATORS FOR QUALITY ALTERNATIVES, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 3
<u>FINANCIAL STATEMENTS</u>	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
<u>NOTES TO FINANCIAL STATEMENTS</u>	8 - 14
<u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	15
<u>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</u>	16 - 17
<u>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</u>	18 - 20
<u>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	21
<u>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	22
<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u>	23 - 25
<u>SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS</u>	26 - 28
<u>INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING</u>	
<u>AGREED-UPON PROCEDURES</u>	29 - 30
<u>SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 I)</u>	
<u>PERFORMANCE AND STATISTICAL DATA</u>	
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	Schedule 1 31
Class Size Characteristics	2 32

INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
Educators for Quality Alternatives, Inc.
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of Educators for Quality Alternatives, Inc. (the School) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head and the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 23, 2022, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Postlethwaite & Netterville

Metairie, Louisiana
December 23, 2022

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 1,121,677
Restricted cash	85,088
Grants receivable	1,069,947
Deposits	8,750
Prepaid expenses	<u>99,227</u>
Total current assets	<u>2,384,689</u>

PROPERTY AND EQUIPMENT

Building improvements	298,837
Furniture and fixtures	19,065
Equipment	150,559
Less accumulated depreciation	<u>(443,108)</u>
Total fixed assets, net	<u>25,353</u>

Total assets	<u><u>\$ 2,410,042</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 1,110,371
Deferred revenue	<u>62,629</u>
Total liabilities	<u>1,173,000</u>

NET ASSETS

Without donor restrictions	1,151,954
With donor restrictions	<u>85,088</u>
Total net assets	<u>1,237,042</u>

Total liabilities and net assets	<u><u>\$ 2,410,042</u></u>
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The accompanying notes are an integral part of this financial statement.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, grant and other support:			
State and local public school funding	\$ 6,628,518	\$ -	\$ 6,628,518
Federal grants	1,773,664	-	1,773,664
Donations and grants	133,632	179,936	313,568
Other income	33,753	-	33,753
Net assets released from restrictions	347,683	(347,683)	-
	<hr/>	<hr/>	<hr/>
Total revenues, grants and other support	8,917,250	(167,747)	8,749,503
Expenses:			
Program services			
Regular programs	1,968,296	-	1,968,296
School administration	2,120,769	-	2,120,769
Pupil support services	811,262	-	811,262
Other instructional services	397,407	-	397,407
Special education programs	1,199,234	-	1,199,234
Other instructional programs	46,655	-	46,655
Technical programs	495,866	-	495,866
Transportation services	399,195	-	399,195
Food services	209,414	-	209,414
Operation and maintenance of plant	1,109,272	-	1,109,272
Management and general			
Central services	311,572	-	311,572
Business services	174,617	-	174,617
General administration	272,802	-	272,802
	<hr/>	<hr/>	<hr/>
Total expenses	9,516,361	-	9,516,361
Change in net assets	(599,111)	(167,747)	(766,858)
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<hr/>	<hr/>	<hr/>
	1,751,065	252,835	2,003,900
<u>NET ASSETS AT END OF YEAR</u>	<hr/>	<hr/>	<hr/>
	\$ 1,151,954	\$ 85,088	\$ 1,237,042

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Support Services</u>	<u>Total</u>
	<u>Instructional</u>	<u>Management & General</u>	
Expenses:			
Salaries and benefits	\$ 4,530,329	\$ 440,058	\$ 4,970,387
Payroll taxes	354,582	23,178	377,760
Other benefits	594,937	79,670	674,607
Professional services	1,076,502	140,585	1,217,087
Student transportation and travel	399,514	-	399,514
Supplies	330,833	18,921	349,754
Utilities	109,509	-	109,509
Repairs and maintenance	405,826	-	405,826
Insurance	91,748	1,263	93,011
Communication	54,005	-	54,005
Food service management	136,842	-	136,842
Depreciation expense	-	54,416	54,416
Rental	447,893	-	447,893
Other	224,850	900	225,750
Total expenses	\$ 8,757,370	\$ 758,991	\$ 9,516,361

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (766,858)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	54,416
(Increase) decrease in:	
Grants receivable	(726,410)
Other receivables	9,380
Prepaid expenses	(17,394)
Increase in:	
Accounts payable and accrued liabilities	842,577
Deferred revenue	62,629
	(541,660)
Net cash used in operating activities	(541,660)
Net decrease in cash and restricted cash	(541,660)
Cash and restricted cash, beginning of year	1,748,425
Cash and restricted cash, end of year	\$ 1,206,765

RECONCILIATION TO STATEMENT OF FINANCIAL POSITION

Cash	\$ 1,121,677
Restricted cash	85,088
	1,206,765
Cash and restricted cash, end of year	\$ 1,206,765

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Educators for Quality Alternatives, Inc. (the "School") was created as a non-profit corporation under the laws of the State of Louisiana on July 14, 2009. The School applied to the Louisiana Board of Elementary and Secondary Education ("BESE") to operate a Type 5 charter school. The charter school contract, effective July 1, 2012, is entered into between the School and its Board of Directors and BESE for the purpose of operating The NET Charter High School. The school serves students aged from 16 - 21 years of age. On July 1, 2017, BESE granted the School an additional charter to operate another Type 5 charter school. The Net Gentilly commenced operations during the fiscal year ending June 30, 2018. Effective July 1, 2018, the School's charters were changed from Type 5 under BESE to Type 3b under the Orleans Parish School Board ("OPSB"). In July 2019, the School added The Bridge program for 7th & 8th graders during their expulsion term. This is not a charter school, rather it is a program that is contracted through the OPSB. In addition, the School received a Type 1 Charter for New Orleans Accelerated High School to commence July 1, 2020.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The School is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restriction. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash, Cash Equivalents, and Restricted Cash

For purposes of the Statement of Cash Flows, the School considers all unrestricted cash and other highly liquid investments with original maturities of three months or less to be cash equivalents. For the year ended June 30, 2022, the School did not have any cash equivalents. The School considers cash balances with a donor imposed restriction (purpose or time) to be restricted cash.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Grant Receivables

Grant receivables are stated at the amount the School expects to collect from outstanding balances. The financial statements do not include an estimate for an allowance for doubtful accounts as the School believes all receivables are collectible.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at time of the purchase and an expense is reported in the year in which services are consumed.

Property and Equipment

Property and equipment are recorded at cost or estimated fair value if donor-contributed. The School capitalizes all property and equipment purchases over \$5,000. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation is calculated using the straight line method with estimated useful lives of 3 to 5 years.

All assets acquired with Louisiana Department of Education funds are owned by the School while used in the purpose for which they were acquired. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, any assets purchased with those funds will revert to the State of Louisiana.

Revenues

The School follows GAAP in their assessment of whether revenue is an exchange transaction (contract) or contribution (non-exchange) and considers factors including commensurate value received, reciprocity, and donor-imposed conditions.

The School receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. The School receives funding per eligible student in attendance on October 1st, payable in monthly installments. The October 1st student count is audited by the Louisiana Department of Education. Adjustments are made in the following year. Federal grants are on a cost reimbursement basis. An accrual is made when the School has met the performance requirements and/or eligible expenses are incurred. Amounts received prior to incurring qualified expenditures are reported as deferred revenue in the Statement of Financial Position.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are not recognized until the conditions on which they depend have been substantially met. Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenues (continued)

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

Revenues from other sources are recorded as revenue in the period in which the School provides the service at the amount that reflects the consideration to which the School expects to be entitled for providing the service or good.

Donated Services

For the year ended June 30, 2022, the School had a total of approximately 50 volunteers who served approximately 2,000 hours. Volunteer services included tutoring and classroom assisting, building beautification, office help and internship mentors. The value of these services is not recognized in the accompanying financial statements as they do not meet the criteria for recognition under GAAP.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Any costs related to activities that constitute direct conduct or direct supervision of program services are classified as program expenses. Any costs related to administration are functionally classified as supporting service expenses. The financial statements of the School report certain categories of expenses that are attributable to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first reported by direct identification and then allocation if an expenditure benefits more than one program or function. Salaries and employee benefits have been allocated based on time and effort. Professional services, supplies, insurance, and other expenses have been allocated based on actual expenses.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Income Taxes

The School is a nonprofit organization exempt from the income taxes under provisions of the Internal Revenue Service Code Sections 501(c) (3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes. The School applies a “more-likely-than-not” recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of applying this approach, the School has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

New Accounting Pronouncement

As of July 1, 2021, the School adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This ASU requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. The FASB issued the update in an effort to improve transparency in reporting nonprofit gifts-in-kind. There was no significant impact on the financial statements.

Accounting Pronouncements Issued but Not Yet in Effect

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than twelve months on the statement of financial position as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842), Targeted Improvements*, to simplify the lease standard’s implementation. The amended guidance relieves businesses and other organizations of the requirement to present prior comparative years’ results when they adopt the new lease standard. Instead of recasting prior year results using the new accounting when they adopt the guidance, companies can choose to recognize the cumulative effect of applying the new standard to leased assets and liabilities as an adjustment to the opening balance of net assets. This standard will be effective for the School’s year ending June 30, 2023. The school is currently evaluating the impact this standard will have on its financial statements.

2. Concentrations

For the year ended June 30, 2022, the School received approximately 96% of its total revenues from Federal and State of Louisiana grantors.

The School maintains cash balances at local financial institutions. The Federal Deposit Insurance Corporation insure accounts up to \$250,000. At times during the year, the School's amounts may exceed the federally insured limits. The School has not historically experienced any loss in such accounts and management believes the School is not exposed to any significant credit risk related to the cash in the banks.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

3. Contingencies

Amounts received or receivable from federal, state, or local agencies are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by such agencies cannot be determined at this time, although the School expects any such amounts to be immaterial.

4. Liquidity and Availability of Resources

The School's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of operating expenses. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources of the School. In addition, the School operates with a budget and monitors sources and uses of funds throughout the year by comparing budget to actual operating expenses.

Financial assets available for general expenditure within one year of the Statement of Financial Position date, comprise the following as of June 30, 2022:

Cash	\$ 1,121,677
Grants receivable	1,069,947
Deposits	<u>8,750</u>
	<u>\$ 2,200,374</u>

5. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made. None of net assets are time-restricted by donors. Net assets with donor restrictions are available for the following purposes as of June 30, 2022:

The Bridge Program	\$ 65,288
Baptist Community Ministries	10,000
New Schools for New Orleans (NSNO)	<u>9,800</u>
	<u>\$ 85,088</u>

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

5. Net Assets with Donor Restrictions (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the year ended June 30, 2022:

Expansion support	\$	95,000
The Bridge Program - Behavioral Health		81,626
The Bridge Program - Reducing Recidivism		27,209
NOAH - Summer Program		10,000
The NET: Central City - Summer Program		24,000
The NET: Gentilly - Summer Program		15,000
Forward Together New Orleans - Income Pilot Program		3,000
GNOF - Technical Assistance		2,300
Rockefeller Philanthropy Advisors - Social and Emotional Learning		25,000
Hurricane Ida Relief		32,497
YouthForce NOLA		15,000
NSNO - Instructional Quality Initiative		17,051
	<u>\$</u>	<u>347,683</u>

6. Leases

The School leases its buildings and an outdoor space under the terms of three operating leases expiring on August 31, 2023, May 31, 2027, and August 31, 2041, respectively.

The future estimated minimum lease payments under the above leases are as follows:

<u>Fiscal Year End</u>	<u>Lease Commitment</u>
June 30, 2023	\$ 402,186
June 30, 2024	281,019
June 30, 2025	257,460
June 30, 2026	257,610
June 30, 2027	236,523
Thereafter	99,090
	<u>\$ 1,533,888</u>

For the year ended June 30, 2022, the School subleased space in one of their buildings and earned \$33,684 in rental income. For fiscal year ending June 30, 2023, the School estimates that it will earn \$138,240 in rental income.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

7. Retirement Plan

Effective December 1, 2012, the School provides a 403(b) plan for all regular full-time employees. An employee becomes eligible to participate in the plan on the first day of the month following the date of hire. Contributions to the plan are made by way of pre-tax salary deferrals and are made at the sole discretion of the employee up to the maximum amount allowed by federal law. The plan allows for discretionary non-elective employer contributions, and all employees are immediately vested. For the year ended June 30, 2022, the School made \$142,240 of employer contributions.

8. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 23, 2022, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SUPPLEMENTARY INFORMATION

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2022

Agency Head Name: Elizabeth Ostberg, Chief Executive Officer

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 132,000
Benefits - Employer Portion of Insurance	7,800
Benefits - Retirement	3,960
Benefits - Workers compensation	544
Benefits - FICA and Medicare	4,814
Cell phone allowance	322
Reimbursements	14,777
Total	<u>\$ 164,217</u>

See accompanying independent auditors' report.

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

To the Board of Directors of
Educators for Quality Alternatives, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Educators for Quality Alternatives, Inc. (the School) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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



Purpose of this Report

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

Postlethwaite & Netterville

Metairie, Louisiana
December 23, 2022



**INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND
THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Directors of
Educators for Quality Alternatives, Inc.

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Educators for Quality Alternatives, Inc.’s (the School) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the School’s major federal program for the year ended June 30, 2022. The School’s major federal program is identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



Report on Internal Control Over Compliance

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

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

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

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

Postlethwaite & Netterville

Metairie, Louisiana
December 23, 2022

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Grantor Project Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through the Louisiana Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	Unknown	\$ 27,586
National School Lunch Program	10.555	Unknown	135,636
Total Child Nutrition Cluster			<u>163,222</u>
Total U.S. Department of Agriculture			<u>163,222</u>
<u>U.S. Department of Education</u>			
Passed through the Louisiana Department of Education			
Title I Grants to Local Education Agencies	84.010A	28-22-T1-(VI,7D,7R)	176,839
Title I Direct Student Services	84.010A	28-22-DSS-(VI,7D,7R)	7,190
Title I Redesign	84.010A	28-21-RD19-(VI,7R)	24,228
Total Title I			<u>208,257</u>
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I Incentive)	84.425D	28-20-ESRI-VI	6,000
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II Formula)	84.425D	28-21-ES2F-(VI,7D,7R)	484,860
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II Incentive)	84.425D	28-21-ES2I-(VI,7D,7R)	52,804
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER III Formula)	84.425U	28-21-ES3F-(VI,7D,7R)	186,529
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER IIEB Interventions)	84.425U	28-21-ESEB-(VI,7D,7R)	217,766
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER III Incentive)	84.425U	28-21-ES3I-(VI,7D,7R)	125,875
COVID-19 - Homeless ARP	84.425W	28-22-HARP-VI	18,218
Total COVID-19 - Education Stabilization Fund			<u>1,092,052</u>
Special Education Cluster (IDEA):			
Special Education - IDEA Part B 611	84.027A	28-21-B1-7R	118,803
COVID-19 - IDEA 611 ARP	84.027X	28-22-IA11-(VI,7D,7R)	24,864
Total Special Education Cluster (IDEA)			<u>143,667</u>
Title IIA - Supporting Effective Instruction State Grants	84.367A	28-22-50-(VI,7D,7R)	16,382
Comprehensive Literacy State Development (CLSD)	84.371C	N/A	21,848
Passed through YouthForce NOLA			
Career and Technical Education – Basic Grants to States (Perkins IV)	84.048A	N/A	3,544
Total YouthForce NOLA			<u>3,544</u>
Passed through Louisiana Department of Labor (LA Workforce Commission)			
State Vocational Rehabilitation Services	84.126A	N/A	81,192
Total Louisiana Department of Labor (LA Workforce Commission)			<u>81,192</u>
Total U.S. Department of Education			<u>1,566,942</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Louisiana Department of Education			
Safer, Smarter Schools	93.323	28-22-LDHS-(VI,7D,7R)	43,500
Total U.S. Department of Health and Human Services			<u>43,500</u>
Total Federal Assistance Expended			<u>\$ 1,773,664</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

(1) **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Educators for Quality Alternatives, Inc. (the School) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 1 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

(2) **Summary of Significant Accounting Policies**

Expenditures reported on the 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. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) **Relationship to Basic Financial Statements**

Federal awards are included in federal grants revenue in the Statement of Activities.

(4) **Amounts Passed Through to Subrecipients**

The School did not pass through any federal funding to subrecipients.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section I – Summary of Independent Auditors’ Results

Financial Statements

Type of auditors’ report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified: no
- Significant deficiency(ies) identified: no

Noncompliance material to the financial statements noted: no

Federal Awards

Internal control over major program:

- Material weakness(es) identified: no
- Significant deficiency(ies) identified: no

Type of auditors’ report issued on compliance for major program: unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance yes

Identification of major program:
COVID-19 – Education Stabilization Fund 84.425D, 84.425U, 84.425W

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

Auditee qualified as a low-risk auditee: no

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

Section III – Findings and Questioned Costs Related to Major Federal Awards (continued)

2022 – 001 Special Tests and Provisions (continued)

U.S. Department of Education
Passed through the Louisiana Department of Education
84.010A Title I Grants to Local Education Agencies
2021-2022 Award Year
Grant No. S010A200018

Condition: In follow-up on prior year finding 2021-004, it was determined in the testing of internal controls and compliance with respect to 34 CFR §200.19(b), 3 of 6 leavers had exceptions to the required documentation set forth by the Louisiana Administrative Code Title 28, Part LXXXIII, Chapter 6, §611.

Cause: Educators for Quality Alternatives has relied on the individual schools to acquire and retain all documentation related to the removal of students.

Effect: Without proper internal controls over the graduation rate cohort reporting process, documentation may not be properly retained, and therefore Educators for Quality Alternatives may be noncompliant with the requirements of the Title I program.

Recommendation: Educators for Quality Alternatives should establish procedures at the school and program administration levels to ensure appropriate documentation is obtained related to removal of students from a cohort in accordance with Louisiana Administrative Code Title 28, Part LXXXIII, Chapter 6, §611.

Repeat Finding: Yes; Reported as finding 2021-004 in fiscal period 2021.

Views of Responsible Official:

P&N identified three students as not having exit documentation on file. All three of these students had withdrawn to transfer out of state to another school, but we never received paperwork from their new schools. Upon consultation with the Louisiana Department of Education, EQA has been instructed that in situations such as these, EQA is to re-code the students as dropouts. EQA made this adjustment, but due to the significant volume of transfers out, these three students were not re-coded appropriately. EQA will continue to diligently follow-up with each school's principal and enrollment coordinator to verify that all transfer students for whom we don't have evidence of enrollment in a new school are re-coded as drop-outs. We have put in process a system to review transfers on a quarterly basis. If we do not have evidence of enrollment in a new school, we re-code them as drop-outs.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Section II – Findings relating to the financial statements reported in accordance with *Government Auditing Standards*

2021 – 001 Internal Controls over Financial Reporting

Criteria: Educators for Quality Alternatives should have systems of internal accounting control which ensures the financial statements are presented in accordance with U.S. generally accepted accounting principles.

Recommendation: Educators for Quality Alternatives should perform procedures to reconcile balance sheet accounts at year end and perform a detailed review of the sub-ledger to verify adjustments are not needed. The reconciliations should clearly document how the supporting documentation reconciles to the trial balance and general ledger.

Status: Resolved.

2021 – 002 Timesheet Approval

Criteria: Effective internal control over the personnel information and payroll process provides reasonable assurance of the completeness and accuracy of accounting records.

Timesheets should be reviewed and approved by an authorized individual. Review and approval should be made by the immediate supervisor most knowledgeable of the time worked.

Recommendation: We recommend that Educators for Quality Alternatives implement procedures to ensure timesheets be approved and financial personnel perform independent checks to ensure that all timesheets were approved before payroll processing.

Status: Resolved.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Section III – Findings and Questioned Costs Related to Federal Awards

2021 – 003 Internal Controls over Preparation of the Schedule of Federal Expenditures of Federal Awards (SEFA)

Criteria: Title 1 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) requires the preparation of a Schedule of Expenditures of Federal Awards (the Schedule) that contains all federal grants and expenditures incurred toward those grants in any one period. The Schedule is to be prepared from accounting and grant records of the grantee.

Recommendation: Educators for Quality Alternatives should provide training to accounting personnel to ensure adequate preparation of the Schedule.

Status: Resolved.

2021 – 004 Special Tests and Provisions

U.S. Department of Education

Passed through the Louisiana Department of Education

84.010 Title I Basic Grant

2020-2021 Award Year

Grant No. S010A200018

Criteria: Educators for Quality Alternatives must report graduation rate data for all public high schools at the school level using the 4-year adjusted cohort rate under 34 CFR section 200.19(b)(1)(i)-(iv)). Only students who earn a regular high school diploma may be counted as a graduate for purposes of calculating the 4-year adjusted cohort graduation rate. To remove a student from the cohort, a school must confirm, in writing, that the student transferred out, emigrated to another country, or is deceased. Educators for Quality Alternatives is responsible for assigning exit codes to any student who leaves. Only specific exit codes are deemed legitimate reasons for leaving and will cause the leaver to not be included in the cohort's graduation index calculations. These codes relate to death, transfers out of the state or country, transfers to non-public schools, transfers to home study/in-school private schooling, and transfers to Early College Admissions Programs.

Specific documentation must be maintained for students to be considered legitimate leavers from the cohort. Educators for Quality Alternatives is also responsible for developing a system of internal controls to ensure the proper documentation is retained for all leavers of the cohort.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Section III – Findings and Questioned Costs Related to Federal Awards (continued)

2021 – 004 Special Tests and Provisions (continued)

Recommendation: Educators for Quality Alternatives should establish procedures at the school and program administration levels to ensure appropriate documentation is obtained related to removal of students from a cohort in accordance with Louisiana Administrative Code Title 28, Part LXXXIII, Chapter 6, §611.

Status: Not resolved. See repeat Finding 2022 – 001.

Independent Accountants' Report
On Applying Agreed-Upon Procedures

To the Board of Directors of Educators for Quality Alternatives, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Educators for Quality Alternatives, Inc. (EQA) for the fiscal year ended June 30, 2022. Management of the EQA is responsible for its performance and statistical data.

EQA has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose, 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. BESE has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on Schedule 1:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue (no revenue reported),
 - Total Local Earnings on Investment in Real Property (no revenue reported),
 - Total State Revenue in Lieu of Taxes (no revenue reported),
 - Nonpublic Textbook Revenue (no revenue reported), and
 - Nonpublic Transportation Revenue (no revenue reported).

We noted no exceptions.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2021 roll books and observed that the class was properly classified on the schedule.

We noted no exceptions.



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

3. We obtained October 1, 2021 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

We noted one exception where an individual's years of experience was not classified correctly on the PEP data when compared to the individual's personnel file.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30, 2022 PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

We noted no exceptions.

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

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

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

Postlethwaite & Netterville

Metairie, Louisiana
December 23, 2022

**R.S. 24:514 I - PERFORMANCE AND STATISTICAL DATA
AGREED-UPON PROCEDURES**

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2022

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom teacher salaries	\$ 1,009,726	
Other instructional staff activities	-	
Instructional staff employee benefits	310,982	
Purchased professional and technical services	153,248	
Instructional materials and supplies	142,412	
Instructional equipment	37,002	
Total teacher and student interaction activities		\$ <u>1,653,370</u>
Other instructional activities		<u>345,392</u>
Pupil support services	412,315	
Less: Equipment for pupil support services	<u>-</u>	
Net pupil services		<u>412,315</u>
Instructional staff services	313,475	
Less: Equipment for Instructional staff services	<u>-</u>	
Net Instructional staff services		<u>313,475</u>
School administration	1,466,760	
Less: Equipment for School administration	<u>(27,063)</u>	
Net School administration		<u>1,439,697</u>
Total General Fund Instructional Expenditures		\$ <u><u>4,164,249</u></u>
Total General Fund Equipment Expenditures		\$ <u><u>64,065</u></u>

See the independent accountant's report on applying agreed-upon procedures.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

Class Size Characteristics
as of October 1, 2021

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 Class	0%	-	0%	-	0%	-	0%	-
Middle High	0%	-	0%	-	0%	-	0%	-
Middle High Activity Class	0%	-	0%	-	0%	-	0%	-
High	92%	415	5%	22	2%	11	1%	5
High Activity Class	0%	-	0%	-	0%	-	0%	-
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Class	0%	-	0%	-	0%	-	0%	-

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

See the independent accountant's report on applying agreed-upon procedures.

EDUCATORS FOR QUALITY ALTERNATIVES
REPORT ON STATEWIDE AGREED-UPON PROCEDURES
ON COMPLIANCE AND CONTROL AREAS
FOR THE YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule A: Agreed-Upon Procedures Performed and Associated Findings	2 - 14
Schedule B: Management's Response and Corrective Action Plan	15

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Educators for Quality Alternatives, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. Educators for Quality Alternatives, Inc.'s (the School's) management is responsible for those C/C areas identified in the SAUPs.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, the LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

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

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

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

Postlethwaite & Netterville

Metairie, Louisiana
December 23, 2022

EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *“no exception noted”* or for step 25 *“we performed the procedure and discussed the results with management”*. If not, then a description of the exception ensues.

A - Written Policies and Procedures

1. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

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

No exceptions 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/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

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.

EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exceptions noted.

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

The School has written policies for travel and expense reimbursement; however, the policies do not contain attribute (2) dollar thresholds by category of expense.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Charter schools are not required to have written policies and procedures that address sexual harassment. Therefore, this procedure is not applicable.

**EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022**

Schedule A

B - Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- a) Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exceptions noted.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exceptions noted.

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

Not applicable as the School is not a governmental entity.

C - Bank Reconciliations

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

A listing of bank accounts was provided and included a total of 8 bank accounts. Management identified the School's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected 5 bank accounts (1 main operating account and 4 random accounts) and obtained the bank reconciliations for the month ending May 31, 2022, resulting in 5 bank reconciliations obtained and subjected to the below procedures.

EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

D - Collections (excluding electronic funds transfers)

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

A listing of deposit sites was provided and included a total of one deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one deposit site and performed the procedures below.

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

A listing of collection locations for the deposit site selected in procedure #4 was provided and included a total of one collection location. No exceptions were noted as a result of performing this procedure.

We selected the one collection location for the one deposit site. Review of the School's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for one of the five bank accounts selected in procedure #3. There were no cash deposits made to the other four bank accounts during the fiscal year. We obtained supporting documentation for each of the two deposits and performed the procedures below.

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

Sequentially pre-number receipts are not used by the School.

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

No exceptions noted.

**EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022**

Schedule A

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

No exceptions noted.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

No exceptions noted.

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

No exceptions noted.

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

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

The listing of locations that process payments for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one location and performed the procedures below.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for the payment processing location selected in procedure #8 was provided. No exceptions were noted as a result of performing this procedure.

Review of the School's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

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

No exceptions noted.

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

No exceptions noted.

EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

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

No exceptions noted.

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

No exceptions noted.

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

A listing of non-payroll disbursements for the payment processing location selected in procedure #8 was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected 5 disbursements and performed the procedures below.

- a) Observe whether the disbursement matched the related original itemized invoice, and that supporting documentation indicates deliverables included on the invoice were received by the entity.

No exceptions noted.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions noted.

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

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

A listing of active credit cards for the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

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

From the listing provided, we randomly selected five cards that were used during the fiscal period. We randomly selected one monthly statement for each of the five cards selected and performed the procedures noted below.

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

No exceptions were noted.

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

No exceptions were noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

We randomly selected ten transactions (or all transactions if less than ten) from the five monthly credit card statements selected under procedure #12 and performed the specified procedures. No exceptions were noted.

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

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

The listing of travel and travel-related expense reimbursements was provided for the fiscal period. No exceptions were noted as a result of performing this procedure.

EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

From the listing provided, we randomly selected five reimbursements and performed the procedures below.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

H - Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

A listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected five contracts and performed the procedures below.

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

Of the five contracts selected for this procedure, none were subject to Louisiana Public Bid Law.

**EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022**

Schedule A

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

Of the five contracts selected for this procedure, none were required to be approved by the School's board.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

Of the five contracts selected for this procedure, none were amended.

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

We randomly selected one payment for the five contracts selected in procedure #15 and performed the specified procedures. No exceptions were noted.

I - Payroll and Personnel

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

A listing of employees employed during the fiscal period was provided.

From the listing provided, we randomly selected five employees and performed the specified procedure. No exceptions were noted as a result of performing this procedure.

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

We randomly selected one pay period during the fiscal period and performed the procedures below for the five employees selected in procedure #16.

- a) Observe 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.).

No exceptions were noted.

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

No exceptions were noted.

**EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022**

Schedule A

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

No exceptions were noted.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

No exceptions were noted.

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

No exceptions were noted.

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

No exceptions were noted.

J - Ethics

Ethics is not applicable to the School as it is a non-profit entity.

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:
- a) Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

K - Debt Service

Debt service is not applicable to the School as it is a non-profit entity with no debt.

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each bond/note issued.

EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

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

L - Fraud Notice

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

Management represented that there were no misappropriations of public funds or assets during the fiscal period. No exceptions were noted as a result of performing this procedure.

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

No exceptions were noted.

M - Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures:

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

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

We performed the procedure and discussed the results with management.

EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2022

Schedule A

N - Sexual Harassment

Sexual harassment is not applicable to the School as it is a charter school.

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).
28. Obtain the entity’s annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
 - a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

**EDUCATORS FOR QUALITY ALTERNATIVES
AGREED-UPON PROCEDURES AND ASSOCIATED FINDINGS
JUNE 30, 2022**

Schedule B

Management's Response and Corrective Action Plan:

A – Written Policies and Procedures

h) Travel and Expense Reimbursement

EQA will revise its existing financial policies to incorporate the expense thresholds established by the Louisiana Office of State Travel Guide (PPM49 – §1511. Tier Per Diem Rates).

j) Debt Service

Written policies regarding Debt Service will be drafted for board review and approval, prior to any debt issuance.

D – Collections (excluding electronic funds transfers)

7.a) Throughout the fiscal year, EQA had only 2 cash deposits and in practice has essentially eliminated cash collections.