

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

FINANCIAL REPORT

June 30, 2018

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D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

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**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Helix Network of Educational Choices
D/B/A Mentorship Academy
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **HELIX NETWORK OF EDUCATIONAL CHOICES D/B/A MENTORSHIP ACADEMY** (a non-profit organization) (the Academy), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the School's 2017 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated December 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 13 and the Schedule of Compensation, Benefits, and Other Payments to Agency Head on page 14 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 27 2018, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 27, 2018

HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY
 Baton Rouge, Louisiana

STATEMENT OF FINANCIAL POSITION

June 30, 2018

(with comparative amounts for 2017)

ASSETS

CURRENT ASSETS	<u>2018</u>	<u>2017</u>
Cash	\$ 203,329	\$ 208,248
Receivables	538,490	509,904
Prepaid expenses and other	-	300
Total current assets	741,819	718,452
PROPERTY, net	<u>1,102,969</u>	<u>1,242,971</u>
Total assets	<u>\$ 1,844,788</u>	<u>\$ 1,961,423</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and other accrued liabilities	\$ 96,376	\$ 102,514
Accrued salaries and benefits	284,605	311,977
Student activity funds	29,213	33,287
Line of credit	200,000	200,000
Capital lease obligations, current portion	17,836	25,627
Notes payable, current portion, less unamortized loan issuance costs	<u>30,952</u>	<u>9,719</u>
Total current liabilities	658,982	683,124
LONG-TERM LIABILITIES		
Capital lease obligations, less current portion	4,156	20,691
Notes payable, less current portion and unamortized loan issuance costs	<u>832,844</u>	<u>863,796</u>
Total liabilities	<u>1,495,982</u>	<u>1,567,611</u>
NET ASSETS		
Unrestricted	<u>348,806</u>	<u>393,812</u>
Total liabilities and net assets	<u>\$ 1,844,788</u>	<u>\$ 1,961,423</u>

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

HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY
 Baton Rouge, Louisiana

STATEMENT OF ACTIVITIES

For the year ended June 30, 2018
 (with comparative amounts for 2017)

	<u>2018</u>	<u>2017</u>
REVENUES AND SUPPORT		
Minimum Foundation Program (MFP) grant	\$ 6,216,552	\$ 6,410,078
Title I grant	152,067	106,578
Food program grant	318,393	340,338
Other income	35,637	30,754
Total revenues and support	<u>6,722,649</u>	<u>6,887,748</u>
EXPENSES		
Program services	4,157,813	4,315,856
Operations and maintenance	1,591,818	1,652,088
General and administrative	1,018,024	970,202
Total expenses	<u>6,767,655</u>	<u>6,938,146</u>
Decrease in net assets	(45,006)	(50,398)
NET ASSETS		
Beginning of year	<u>393,812</u>	<u>444,210</u>
End of year	<u>\$ 348,806</u>	<u>\$ 393,812</u>

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

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

STATEMENT OF CASH FLOWS

For the year ended June 30, 2018
(with comparative amounts for 2017)

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (45,006)	\$ (50,398)
Adjustments to reconcile change in net asset to net cash provided by operating activities:		
Depreciation expense	140,002	181,986
Amortization of loan issuance costs included in interest expense	21,188	15,891
Change in operating assets and liabilities:		
Increase in receivables	(28,586)	(231,370)
Decrease in prepaid expenses and other	300	-
(Decrease) increase in accounts payable and other liabilities	<u>(37,584)</u>	<u>113,577</u>
Net cash provided by operating activities	<u>50,314</u>	<u>29,686</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property	<u>-</u>	<u>(600,479)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	900,000
Borrowings from line of credit	-	150,000
Payments on notes payable	(30,907)	(271,801)
Payments on capital lease obligations	(24,326)	(57,614)
Payments on line of credit	-	(50,000)
Loan issuance costs	<u>-</u>	<u>(42,376)</u>
Net cash provided (used) by financing activities	<u>(55,233)</u>	<u>628,209</u>
Net (decrease) increase in cash	(4,919)	57,416
CASH		
Beginning of year	<u>208,248</u>	<u>150,832</u>
End of year	<u>\$ 203,329</u>	<u>\$ 208,248</u>
Supplemental disclosure of nocash investing and financing activities:		
Assets acquired through capital lease obligation	<u>\$ -</u>	<u>\$ 46,347</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 59,051</u>	<u>\$ 58,184</u>

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

HELIX NETWORK OF EDUCATIONAL CHOICES D/B/A MENTORSHIP ACADEMY

Baton Rouge, Louisiana

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

Helix Network of Education Choices d/b/a Mentorship Academy (the Academy) was incorporated on July 1, 2010, as a non-profit corporation under the laws of the State of Louisiana. The Academy operated under a contract with the East Baton Rouge Parish School System (EBRPSS) to establish a Type 1 charter school from July 1, 2010 through June 30, 2015. On July 1, 2015, the original charter was renewed for 3 years. The Academy is a public, tuition free, charter school for students in ninth through twelfth grades in East Baton Rouge Parish. The Academy's mission is to develop young adults who learn continuously as our economies and communities change through mentoring relationships with industry professionals. The Academy started its seventh year with approximately 490 students for the 2017-2018 school year.

Financial statement presentation

The Academy reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, which are described as follows:

Unrestricted Net Assets are net assets that are for general use and not subject to restriction.

Temporarily Restricted Net Assets are net assets subject to donor-imposed stipulations that may or will be met by actions of the Academy and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Academy did not have any temporarily restricted net assets at June 30, 2018.

Permanently Restricted Net Assets are net assets subject to donor-imposed stipulations that the Academy maintain the contribution permanently. The Academy did not have any permanently restricted net assets at June 30, 2018.

The statement of activities presents expenses of the Academy's operations functionally between program services, operations and maintenance, and general and administrative.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Academy's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of accounting

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates are used primarily when accounting for depreciation and amortization.

Revenues

The Academy receives the significant portion of its revenue from the Minimum Foundation Program (MFP) through EBRPSS. The amount of MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes on a per student basis.

Federal funds are provided through the Louisiana Department of Education and the East Baton Rouge Parish School Board. The Academy also receives federal support for food service that is based on the number of students, which is restricted in use.

Fair value financial instruments

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

Cash

Cash, for purposes of the statement of cash flows, consists of cash on hand, demand deposit and savings accounts. The Academy typically maintains cash in local banks that may, at times, exceed FDIC insured limits of \$250,000. Management believes the risk is minimal.

Receivables

The receivables are stated at the amount management expects to collect. Management considers all amounts to be collectible; therefore, no allowance has been recorded at June 30, 2018. The Academy had no receivables outstanding for greater than 90 days.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property

Property is recorded at cost. The Academy's policy requires assets with unit cost greater than \$500 to be capitalized as property. If an asset is donated to the Academy by a third party, its fair market value at the time of the acquisition shall be considered as the acquisition cost. Property acquired with grant funds are disposed of in accordance with grantor requirements. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. Expenses for maintenance and repairs are expensed as incurred.

Tax-exempt status

The Academy is a non-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Paid time off (PTO)

The Academy's PTO policy states instructional staff members can earn up to seven days of vacation and sick leave during the fiscal year, are allowed to carryover unused vacation and sick days from year to year. After three years of service, employees are eligible to receive a payout of any unused PTO. A request for payout must be made to the Supervisor for approval. Non-instructional staff members may earn up to fifteen vacation and sick days and can carryover five days at year end, for a maximum annual benefit of twenty days. At June 30, 2018, the Academy had \$75,250 in accrued PTO.

Tax exempt status

The Academy is a non-profit organization that is exempt from federal income taxes under Section 501(c)(3) if the Internal Revenue Code. The Academy's open audit periods are 2014 through 2017.

Advertising

The Academy expensed advertising costs of \$7,373 as incurred during 2018.

Subsequent events

Subsequent events and transactions for potential recognition or disclosure in the financial statements were evaluated through December 27, 2018, which was the date the financial statements were available to be issued.

NOTE 2 - PROPERTY

Property, service lives, and accumulated depreciation at June 30, 2018 were as follows:

	<u>Estimated Service Lives</u>	<u>Amount</u>
Leasehold improvements	5-20 years	\$ 1,254,952
Furniture, fixtures, and equipment	3-15 years	998,784
		2,253,736
Less accumulated depreciation		(1,150,767)
Property, net		\$ 1,102,969

Depreciation expense was \$140,002 for 2018.

As of June 30, 2018, the Academy has capitalized equipment acquired through capital leases with a cost of \$119,259 and corresponding accumulated depreciation of \$97,835.

Depreciation for these assets was \$23,628 in 2018.

NOTE 3 - LONG TERM DEBT

Long-term debt at June 30, 2018, consisted of the following:

Note payable:

\$900,000 note payable, interest at 5.0%, to provide funds for renovations and improvements to school facilities. Due in monthly installments of \$6,821 through September 2018 with a balloon payment of \$859,378 in September 2018, less unamortized loan issuance costs of \$5,297. This note was refinanced subsequent to year end. See Note 8.

\$ 869,093

Capital lease obligations:

\$46,347 capital lease obligation, interest at 5.72% and due in monthly installments of \$1,397, including interest through October 2019.

21,526

\$14,862 capital lease obligation, interest at 8.4% and due in monthly installments of \$466, including interest through August 2018.

466

Total long-term debt

\$ 885,788

All debt is collateralized by the assets purchased.

NOTE 3 - LONG TERM DEBT (CONTINUED)

Future maturities of long-term debt are as follows:

Year ending June 30th	Note payable	Less: unamortized issuance costs	Note payable, net	Capital leases	Total net maturities
2019	36,249	(5,297)	30,952	17,836	48,788
2020	832,844	-	832,844	4,156	837,000
Total	<u>\$ 869,093</u>	<u>\$ (5,297)</u>	<u>\$ 863,796</u>	<u>\$ 21,992</u>	<u>\$ 885,788</u>

NOTE 4 - LINE OF CREDIT

The Academy has a variable interest rate (prime rate of the lender plus 1.8%, or 5.4% at June 30, 2018) revolving line of credit with a borrowing limit of \$250,000 and an outstanding balance of \$200,000 at June 30, 2018.

The line of credit is payable on demand, matures on January 16, 2020, and is collateralized by the Academy's deposits held with the creditor's institution.

NOTE 5 - RETIREMENT PLAN

The Academy sponsors an Internal Revenue Code Section 403(b) Plan which covers substantially all employees of the Academy immediately upon employment. Employees may contribute up to the lesser of \$18,500 or 100% of includable compensation. The Academy matches 100% of the employee's elective contribution to the retirement plan, not to exceed 4% of the employee's compensation. Employer contributions were approximately \$33,700 for 2018.

NOTE 6 - CONCENTRATIONS

The Academy receives the majority of its operating revenue from state and federal grants. The percentage of revenue and receivables from these sources is as follows:

	Revenues	Receivables
Minimum Foundation Program (MFP) grant	93%	88%
Title I grant	5%	5%
Food program grant	2%	7%
Total	100%	100%

NOTE 7 - COMMITMENT AND CONTINGENCIES

Lease - Building

The Academy leases teaching and office facilities under an operating lease with base monthly payments of \$59,756. On August 1st of each year, the payment amount is adjusted by the greater of 2% per annum or the annual consumer price index (CPI) increase, not to exceed 5%. This lease expires in 2031. Lease expense for 2018 was \$762,337.

The estimated future minimum payments under this lease at June 30, 2018, are as follows:

For the year ended June 30,	Amount
2019	\$ 777,600
2020	793,200
2021	809,100
2022	825,300
2023	841,800
2024 and thereafter	7,369,600
Total	\$ 11,416,600

NOTE 7 - COMMITMENT AND CONTINGENCIES (CONTINUED)

Contracted Services

The Academy maintains its wireless network and other information technology (IT) services by contracting with a third party. The contract expires in June 2019, with the Academy reserving the right to extend the contract annually. The contracted price for the wireless network services is \$7,139 per month. The Academy also uses the third party to manage its IT system with rates varying on services provided. For 2018, payments for IT services were approximately \$86,100.

NOTE 8 - SUBSEQUENT EVENTS

The Academy refinanced \$859,378 of the note payable in December 2018. The note is payable in 23 monthly installments of \$6,821 at 5.0% interest, with a balloon payment of \$777,758 due September 2020. The note is collateralized by the assets purchased.

SUPPLEMENTARY INFORMATION

HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY
 Baton Rouge, Louisiana

SCHEDULE OF FUNCTIONAL EXPENSES

For the year ended June 30, 2018
 (with summarized comparative totals for 2017)

	<u>Function</u>			<u>Totals</u>	
	<u>Program</u>	<u>Operations and</u>	<u>General and</u>		
	<u>Services</u>	<u>Maintenance</u>	<u>Administrative</u>	<u>2018</u>	<u>2017</u>
Salaries and benefits	\$ 3,202,415	\$ -	\$ 521,341	\$ 3,723,756	\$ 3,878,631
Rent	-	904,158	-	904,158	888,336
Professional services	94,901	84,143	361,857	540,901	533,525
Student transportation	363,103	-	-	363,103	302,458
Food and beverage	295,956	-	-	295,956	266,663
Materials and supplies	96,416	105,820	21,775	224,011	289,248
Depreciation	-	140,002	-	140,002	181,986
Utilities	-	105,293	-	105,293	110,013
Insurance	-	-	80,820	80,820	98,242
Repairs and maintenance	-	79,804	-	79,804	99,023
Property taxes	-	59,493	-	59,493	58,000
Interest	-	80,239	-	80,239	74,075
Professional development	55,210	-	-	55,210	18,169
Telephone and internet	-	27,726	-	27,726	35,722
Legal	-	-	26,588	26,588	28,079
Travel	-	-	5,643	5,643	1,784
Advertising	700	-	-	700	16,761
Other	49,112	5,140	-	54,252	57,431
Total expenses	<u>\$ 4,157,813</u>	<u>\$ 1,591,818</u>	<u>\$ 1,018,024</u>	<u>\$ 6,767,655</u>	<u>\$ 6,938,146</u>

See Independent Auditors' Report

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

**SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO AGENCY HEAD**

June 30, 2018

Agency Head: Robert Webb, Jr.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 112,833
FICA/Medicare	8,752
Benefits - insurance	5,447
Benefits - retirement	4,513
Travel	814
Reimbursements	484
	<u>\$ 132,843</u>

See Independent Auditors' Report.

Report on Internal Control and Compliance
HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY
Baton Rouge, Louisiana

June 30, 2018



**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
Helix Network of Educational Choices
D/B/A Mentorship Academy
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **HELIX NETWORK OF EDUCATIONAL CHOICES D/B/A MENTORSHIP ACADEMY** (the Academy) (a non-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information of the Board of Directors, management, state and federal granting agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 27, 2018

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**

Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2018

1) Summary of Auditors' Results:

A) The type of report issued on the financial statements: **Unmodified opinion.**

B) Significant deficiency in internal control were disclosed by the audit of financial statements: **None.**

Material weaknesses: **None.**

C) Noncompliance that is material to the financial statements: **None.**

D) Findings relating to the financial statements reported in accordance with *Government Auditing Standards*: **None.**

2) Findings – Financial Statement Audit

None.

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended June 30, 2018

There were none.

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY**

AGREED-UPON PROCEDURES REPORT

June 30, 2018



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

To the Board of Directors of
Helix Network of Education Choices,
d/b/a Mentorship Academy
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Helix Network of Education Choices, d/b/a Mentorship Academy (the Academy) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

Our procedures and findings are included in the supplement to this report.

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

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

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, LA
December 27, 2018

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that 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
 - 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.
 - c) **Disbursements**, including processing, reviewing, and approving
 - 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).
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - 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
 - 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)
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Procedure 1(j) was not performed in the current year as it does not apply to non-profits.

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 that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. *Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:
 - 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);
 - 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
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
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) Employees that are responsible for cash collections do not share cash drawers/registers.

- 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.
 - 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.
 - 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.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
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:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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).
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:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - 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.

- 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.
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) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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.
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:
- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was 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.]
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
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 that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

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

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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.
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:
- a) Observe that 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.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions were noted in the prior year report dated December 20, 2017. Therefore, procedures 16, 17, 18, and 19 were not performed for the year ended June 30, 2018.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Debt Service

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 that State Bond Commission approval was obtained for each bond/note issued.
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.

The above procedures were not performed in the current year as they do not apply to the School

Other

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.
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 in the prior year report dated December 20, 2017. Therefore, procedures 23 and 24 were not performed for the year ended June 30, 2018.

**HELIX NETWORK OF EDUCATIONAL CHOICES
D/B/A MENTORSHIP ACADEMY
SCHEDULE OF EXCEPTIONS
FOR THE YEAR ENDED JUNE 30, 2018**

Reference	Description of Exception
<p><i>Written Policies and Procedures</i> Procedure 1f (3) (5)</p>	<p>The School's policies did not include how contracts are legally reviewed or a monitoring process.</p>
<p><i>Written Policies and Procedures</i> Procedure 1i (1) (4)</p>	<p>The School's policies did not include prohibitions as defined in the Louisiana Statute 42:1111-1121 or requirements that all employees attest through signature verification that they have read the School's ethics policy.</p>
<p><i>Board or Finance Committee</i> Procedure 2a</p>	<p>The Board did not meet with a quorum in accordance with their bylaws, which requires the Board meets at least 10 times during a calendar year.</p>
<p><i>Bank Reconciliations</i> Procedure 3c</p>	<p>The School did not include evidence that a member of management or board member, who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.</p>
<p><i>Collections</i> Procedure 5 (b) (c) (d)</p>	<p>The School does not have employees responsible for collecting cash who is not responsible for making bank deposits, employees responsible for collecting cash who are not responsible for posting collection entries to the general ledger and does not have employees responsible for reconciling cash collections to the general ledger are not responsible for collecting cash.</p>
<p>Procedure 7d</p>	<p>Deposits were not made within one business day of receipt.</p>
<p><i>Credit Cards</i> Procedure 12 (a)</p>	<p>Monthly statements and supporting documentation was not reviewed and approved, in writing, by someone other than the authorized card holder.</p>
<p>Procedure 13 (1) (2) (3)</p>	<p>Two disbursement lacked original invoice or billing statement. In addition to those two missing invoices, ten transactions lacked written documentation of business purpose, and three meal receipts lacked documentation of individuals participating.</p>

Travel Reimbursements

Procedure 14 (a)

One instance of per diem reimbursement did not agree to the rate established by U.S. General Services Administration, as outlined in the School's financial policies and procedures.

Ethics

Procedure 20a and b

Two employees lacked documentation of completion of ethics training and signature denoting they read the School's ethics policy.



MANAGEMENT'S RESPONSE TO SCHEDULE OF EXCEPTIONS
YEAR ENDED JUNE 30, 2018

1. Written Policies and Procedures: Procedure 1f (3)(5)

Management's response: Management will consider revising their current policy manual regarding the legal review process for contracts and the monitoring processes.

2. Written Policies and Procedures: Procedure 1i (1)(4)

Management's response: Management will implement procedures to ensure employees of the Academy attest through signature that they have read the Academy's ethics policy.

3. Board or Finance Committee: Procedure 2a

Management's response: Management believes this exception will be resolved during the 2019 fiscal year, quorum has been met for five of the six committee meetings held through December.

4. Bank Reconciliations: Procedure 3c

Management's response: Management will update their policies and procedures to ensure members of management who does not handle cash, post ledgers, or issue checks has reviewed bank reconciliations.

5. Collections: Procedure 5 (b)(c)(d)

Management's response: Due to the small size of the Academy's office staff, there are instances where employees who make bank deposits may post collection entries. Management intends on segregating duties to the extent it is economically feasible.

6. Collections: Procedure 7d

Management's response: Management will begin to make deposits daily, to the extent practicable.

7. Credit Cards: Procedure 12(a), 13(1)(2)(3)

Management's response: Management will update their policies to ensure a member of management or governance who is not the card holder will review and approve monthly statements in writing. Additionally, written documentation for the business purpose of credit card charges will be required as part of the credit card review process.

8. Travel Reimbursements: Procedure 14(a)

Management's response: Management believes this is an isolated occurrence, the Academy's travel policy related to per diem is based on the GSA rates.

9. Ethics: Procedure 20a and b

Management's response: Management will ensure all employees, both instructional and non-instructional have taken the required ethics training.