

**THE FRIENDS OF KING SCHOOL**  
**AUDIT OF FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

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As of and For the Year Ended June 30, 2017

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## INDEPENDENT AUDITOR'S REPORT

December 31, 2017

To the Board of Directors  
The Friends of King School  
New Orleans, Louisiana

We have audited the accompanying financial statements of The Friends of King School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Friends of King School as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to the agency head is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also 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 31, 2017, on our consideration of The Friends of King School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Friends of King School's internal control over financial reporting and compliance.

*Hienz & Macaluso, LLC*  
Metairie, LA

**THE FRIENDS OF KING SCHOOL**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$	6,685,604
Restricted cash		226,298
Grants receivable		1,224,343
Accounts receivable		34
Other assets		13,000
<b>Total current assets</b>		<u>8,149,279</u>

**Property and Equipment:**

Equipment		98,879
Vehicles		22,841
Accumulated depreciation		(66,544)
<b>Total property and equipment, net</b>		<u>55,176</u>

<b>Total assets</b>	<b>\$</b>	<u><u>8,204,455</u></u>
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**LIABILITIES AND NET ASSETS**

**Current liabilities:**

Accounts payable	\$	71,725
Salaries and benefits payable		161,070
Funds held on behalf of others		226,298
<b>Total current liabilities</b>		<u>459,093</u>

<b>Total liabilities</b>		<u>459,093</u>
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**Net assets:**

Unrestricted net assets		7,114,451
Temporarily restricted net assets		630,911
<b>Total net assets</b>		<u>7,745,362</u>

<b>Total liabilities and net assets</b>	<b>\$</b>	<u><u>8,204,455</u></u>
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The accompanying notes are an integral part of these financial statements.

**THE FRIENDS OF KING SCHOOL  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues:</b>			
State public school funding	\$ 4,929,637	\$ -	\$ 4,929,637
Local public school funding	6,880,746	-	6,880,746
Federal sources	1,513,932	890,737	2,404,669
Other state funding	302,686	-	302,686
Contributions and donations	9,050	-	9,050
Other income	165,301	-	165,301
Net assets released from restrictions	971,698	(971,698)	-
	<u>14,773,050</u>	<u>(80,961)</u>	<u>14,692,089</u>
<b>Expenses:</b>			
Program expenses	9,871,429	-	9,871,429
Administrative expenses	2,913,902	-	2,913,902
	<u>12,785,331</u>	<u>-</u>	<u>12,785,331</u>
<b>Change in net assets</b>	1,987,719	(80,961)	1,906,758
<b>Net assets, beginning of year</b>	<u>5,126,732</u>	<u>711,872</u>	<u>5,838,604</u>
<b>Net assets, end of year</b>	\$ <u><u>7,114,451</u></u>	\$ <u><u>630,911</u></u>	\$ <u><u>7,745,362</u></u>

The accompanying notes are an integral part of these financial statements.

**THE FRIENDS OF KING SCHOOL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<b>Expenses:</b>	<b><u>Program Expenses</u></b>	<b><u>Administrative Expenses</u></b>	<b><u>Total Expenses</u></b>
Salaries	\$ 6,778,831	\$ 1,177,083	\$ 7,955,914
Employee benefits	618,503	102,597	721,100
Payroll taxes	500,191	95,293	595,484
Materials and supplies	466,534	62,422	528,956
Transportation	596,786	-	596,786
Professional services	224,994	418,245	643,239
Retirement	301,400	85,538	386,938
Food purchases	262,755	-	262,755
Occupancy	-	373,795	373,795
Insurance	-	154,078	154,078
Administrative fee	-	228,864	228,864
Miscellaneous	19,916	154,983	174,899
Travel	80,209	22,993	103,202
Telephone and postage	21,310	11,238	32,548
Dues and fees	-	7,078	7,078
Depreciation	-	19,695	19,695
	<b><u>\$ 9,871,429</u></b>	<b><u>\$ 2,913,902</u></b>	<b><u>\$ 12,785,331</u></b>

The accompanying notes are an integral part of these financial statements.

**THE FRIENDS OF KING SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>Cash Flows from Operating Activities</b>	
Change in net assets	\$ 1,906,758
Adjustments to reconcile change in net assets	
net cash provided by operating activities:	
Depreciation	19,695
Increase in grants receivable	(326,502)
Decrease in accounts receivable	9,474
Increase in other assets	(1,664)
Decrease in accounts payable	(32,625)
Increase in salaries and benefits payable	77,207
<b>Net cash provided by operating activities</b>	<u>1,652,343</u>
 <b>Cash Flows from Investing Activities</b>	
Purchase of capital assets	<u>(5,048)</u>
<b>Net cash used in investing activities</b>	<u>(5,048)</u>
 <b>Net increase in cash and cash equivalents</b>	<u>1,647,295</u>
 <b>Cash and cash equivalents, beginning of year</b>	<u>5,038,309</u>
 <b>Cash and cash equivalents, end of year</b>	<u>\$ 6,685,604</u>

The accompanying notes are an integral part of these financial statements.

**THE FRIENDS OF KING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 – Summary of Significant Accounting Policies**

The Friends of King School (“the School”) was granted a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2005 to operate a Type V public charter school d/b/a Dr. Martin Luther King, Jr. Charter School for Science and Technology (the “MLK School”). In 2012, the School was granted by BESE a charter to operate an additional Type V public charter school d/b/a Joseph A. Craig Elementary School (the “Craig School”). The School seeks to provide educational services according to the educational standards established by law, the charter contract and the charter application/proposal; measures pupil progress toward stated goals; and participates in pupil assessment required by law, regulation and BESE policy. The School serves eligible students in pre-kindergarten through twelfth grade in New Orleans, Louisiana.

The mission of the School is to create and maintain an orderly, trusting environment where teaching and learning are innovative and exciting; where students are taught to read, write, compute, and think critically according to their fullest potential.

On July 1, 2011, the MLK School’s operating agreement renewal with the BESE went into effect. This allows the School to use the facilities and contents located at 1617 Caffin Avenue, New Orleans, Louisiana 70117, or any other locations that may be approved by the School and BESE. This agreement expired on June 30, 2015. The School pays the Recovery School District (RSD) on behalf of MLK School, an administrative fee amounting to 2% of all Minimum Foundation Program (MFP) revenue received. On January 14, 2015, BESE approved the transfer of MLK School to the jurisdiction of the Orleans Parish School Board effective July 1, 2015 as a Type 3b charter. This agreement will expire on June 20, 2022.

On July 1, 2012, the School entered into an operating agreement with BESE which allows the School to use the facilities and contents located at 1423 St. Philip Street, New Orleans, Louisiana 70116, or any other locations that may be approved by the School and BESE. This agreement expires on June 30, 2020 and may be renewed at the option of BESE. The School pays RSD on behalf of the Craig School, an administrative fee amounting to 2% of all MFP revenue received.

**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. The Financial Accounting Standards Board (FASB) is the accepted standard setting body for establishing not-for-profit accounting and financial reporting principles.

**Basis of Presentation**

The School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets.

**THE FRIENDS OF KING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

*Unrestricted Net Assets* – limited only by the broad limits resulting from the nature of the organization, the environment in which it operates and the purposes specified in its articles of incorporation or bylaws and limits resulting from contractual agreements with suppliers, creditors and others entered into by the organization in the course of its business.

*Temporarily Restricted Net Assets* – assets specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific accounting period.

*Permanently Restricted Net Assets* – assets whose restrictions do not lapse with the passage of time. Generally, the donors of these assets permit the School to use all or part of the income derived from the investment of these contributions. Presently, the School does not have any permanently restricted net assets.

**Use of Estimates**

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

**Revenues**

The School's primary sources of funding are through federal and state grants. The grants are recorded on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

**Property and Equipment**

Property and equipment acquisitions greater than \$5,000 are recorded at historical cost or estimated historical cost if historical cost is not available. Depreciation is calculated using the straight line method with useful lives of 5 to 7 years. 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.

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 back to the State of Louisiana.

For the year ended June 30, 2017, depreciation expense was \$19,695.

**Income Taxes**

The School is operating under Section 501(c) (3) of the Internal Revenue Code, and is generally exempt from federal, state and local income taxes. Accordingly, no provision for income taxes is included in the financial statements.

THE FRIENDS OF KING SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017

**NOTE 1 – Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the School has considered all unrestricted cash and other highly liquid investments with original maturities of three months or less to be cash equivalents.

**Compensated Absences**

All ten month employees accrue ten days of sick leave each year. All twelve month employees accrue ten days of sick leave and ten days of vacation pay. Any unused vacation days are paid in the subsequent year. Upon termination, the School does not compensate employees for unused sick or vacation days.

**NOTE 2 – Cash and cash equivalents**

At June 30, 2017, cash consists of demand deposits in a local financial institution of \$6,685,604.

The School maintains cash accounts at a local financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2017 cash deposits in excess of FDIC insured limits were approximately \$7 million. The School has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

**NOTE 3 – Grant and Other Receivables**

At June 30, 2017, grants receivable totaled \$1,224,343 which consisted of federal, state and private grants. These receivables are considered fully collectible; therefore, management does not consider an allowance for doubtful accounts to be necessary.

**NOTE 4 – Concentrations**

The School received approximately 99% of its total revenues from Federal and State grantors.

All of the students of the School reside in the Greater New Orleans area.

As noted earlier, the School is leasing its buildings rent free from the Louisiana Recovery School District. Should these leases not be extended, it may have an unfavorable impact on the School. The School does not record donated facilities.

**NOTE 5 – Contingencies**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor 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

**THE FRIENDS OF KING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 5 – Contingencies (continued)**

grantors cannot be determined at this time, although the School expects any such amounts to be immaterial.

The School has employment contracts as is standard in the field of education with most of the teachers which expired in May, 2017. Additionally, all contracts provide for a minimum annual salary and other benefits.

**NOTE 6 – Retirement Plan**

Effective September 1, 2012, the School began sponsoring a defined contribution plan (the 403(b) Plan) covering all employees who make contributions to the Plan. The School may elect to make discretionary contributions to the Plan each year. Total expense for the year ended June 30, 2017 was \$386,938.

**NOTE 7 – Expense Allocation**

The costs of providing various programs and other activities have been summarized in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 8 – Board Members' Compensation**

Board members are not compensated for their service; therefore, a schedule of board members' compensation is not presented.

**NOTE 9 – Temporarily Restricted Net Assets**

Temporarily restricted net assets 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 specific purposes are made. None of the temporarily restricted net assets are time restricted by donors.

Temporarily restricted net assets as of June 30, 2017 are available for the following purposes:

Instructional and other	<u>\$630,911</u>
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**THE FRIENDS OF KING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 10 – Grant Revenues**

For the year ended June 30, 2017, federal grant revenues consisted of the following:

National School Lunch Program	\$ 861,929
Title I Grants to Local Educational Agencies	714,017
Temporary Assistance for Needy Families (TANF)	297,494
Special Education Grants	278,701
Supporting Effective Instruction State Grants	125,627
School Improvement Grants	89,925
Career and Technical Education - Basic Grants to States	20,828
Education for Homeless Children and Youth	<u>16,148</u>
	<u>\$2,404,669</u>

**NOTE 11 – Uncertain Income Taxes**

On July 1, 2009, the School adopted the provisions of the *Accounting for Uncertainty in Income Taxes* Topic of the FASC ASC. The implementation of this topic had no impact on the statement of financial position or statement of activities.

The School's tax returns through 2015 have been filed appropriately. As of the date of this report, the School has been approved for an extension to file their 2016 tax return. The School recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The School's tax filings are subject to audit by various taxing authorities. The School's open audit periods are 2013 through 2015. Management has evaluated the School's tax Positions and concluded that the School has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**NOTE 12 – Line of Credit**

The School maintains a \$300,000 unsecured line of credit with a local financial institution. The line of credit bears interest at the Wall Street Journal prime rate plus 1% (4.75% as of June 30, 2017) and matures February 18, 2018. As of June 30, 2017 the School had no outstanding borrowings under the line of credit.

**NOTE 13 – Funds Held on Behalf of Others**

The School acts as a custodian for student activity bank accounts. Funds held on behalf of these groups amounted to \$226,298 as of June 30, 2017, and are reported as both an asset (restricted cash) and a liability (funds held on behalf of others). Consequently, there is no effect on the School's net assets.

**THE FRIENDS OF KING SCHOOL**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 14 – In-Kind Support**

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the year ended June 30, 2017 there were no non-cash contributions.

The School received rent-free use of a school building from the RSD and also the use of property and equipment rent-free. The use of the property and equipment is not recorded as an in-kind contribution from BESE as the value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction since both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

**NOTE 15 – Risk Management**

The School is exposed to various risks of loss from torts, theft and damage to assets, business interruption, errors and omissions, employee injuries and illnesses, natural disasters, and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims or unsettled claims that exceeded this commercial coverage during the year ended June 30, 2017.

**NOTE 16 – Date of Management's Review**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2017, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been included for inclusion in these financial statements.

## **SUPPLEMENTARY INFORMATION**

**THE FRIENDS OF KING SCHOOL  
SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO THE AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2017**

Agency Head Name: Dr. Doris Roche-Hicks

<b><u>Purpose</u></b>	<b><u>Amount</u></b>
Salary	\$ 158,959
Benefits - Employer Portion of Medicare and Social Security	9,912
Benefits - Employer Portion of Retirement	9,257
Benefits - Other	8,913
Per diem	188
	<u>\$ 187,229</u>

**THE FRIENDS OF KING SCHOOL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<i>Federal Grantor/Program or Cluster Title</i>	<i>CFDA Number</i>	<i>Federal Expenditures(\$)</i>
<b>United States Department of Education</b>		
(Passed through the Louisiana Department of Education)		
Title I Grants to Local Educational Agencies	84.010	\$714,017
<b>Special Education Cluster (IDEA)</b>		
Special Education Grants to States	84.027	275,528
Special Education - Preschool Grants	84.173	3,173
<b>Total Special Education Cluster</b>		<u>278,701</u>
Career and Technical Education Basic Grants to States	84.048	20,828
Education for Homeless Children and Youth	84.196	16,148
Improving Teacher Quality State Grants	84.367	125,627
School Improvement Grants	84.377	89,925
<b>Total United States Department of Education</b>		<u>1,245,246</u>
<b>United States Department of Health and Human Services</b>		
(Passed through the Louisiana Department of Education)		
Temporary Assistance for Needy Families	93.558	297,494
<b>Total United States Department of Health and Human Services</b>		<u>297,494</u>
<b>United States Department of Agriculture</b>		
(Passed through the Louisiana Department of Education)		
National School Lunch Program	10.555	861,929
<b>Total United States Department of Agriculture</b>		<u>861,929</u>
<b>Total Other Programs</b>		<u>2,404,669</u>
<b>Total Expenditures of Federal Awards</b>		<u><u>\$2,404,669</u></u>

The accompanying notes are an integral part of this schedule.

**THE FRIENDS OF KING SCHOOL**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of The Friends of King School (the School) under programs of the federal government for the year ended June 30, 2017. The information in the Schedule is presented in accordance with the requirements of the 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.

**NOTE B – 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.

**NOTE C – Relationship to Financial Statements**

Federal awards are included in federal sources in the statement of activities for the year ended June 30, 2017.

**NOTE D – De Minimus Cost Rate**

During the year ended June 30, 2017, the School did not elect to use the 10% de minimus cost rate covered in §200.414 of the Uniform Guidance.



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

December 31, 2017

To the Board of Directors  
The Friends of King School  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Friends of King School (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2017, 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 31, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Friends of King School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Friends of King School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Friends of King School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA



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

December 31, 2017

To the Board of Directors  
The Friends of King School  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

We have audited The Friends of King School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of The Friends of King School's major federal programs for the year ended June 30, 2017. The Friends of King School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of current year findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, The Friends of King School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

### **Report on Internal Control Over Compliance**

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

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

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

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

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies and pass-through entities and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA

**THE FRIENDS OF KING SCHOOL**  
**SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the financial statements of The Friends of King School.
2. No control deficiencies were disclosed during the audit of the financial statements of The Friends of King School.
3. No instances of noncompliance material to the financial statements of The Friends of King School.
4. No control deficiencies relating to the audit of internal control over major federal award programs are reported on the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal programs for The Friends of King School expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no findings which are required to be reported by the Uniform Guidance.
7. The programs tested as major programs include:

	<u>CFDA Number</u>
National School Lunch Program	10.555
Temporary Assistance for Needy Families	93.558
8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. The Friends of King School was determined to be a low-risk auditee.

**B. Financial Statement Findings and Questioned Costs**

There were no financial statement findings or questioned costs for the year ended June 30, 2017.

**C. Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs for the year ended June 30, 2017.

**D. Management Letter**

A management letter was not issued in connection with the audit for the year ended June 30, 2017.

**THE FRIENDS OF KING SCHOOL  
SCHEDULE OF CURRENT YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**E. Other Matter**

**Alleged Ethics Violations**

In October 2014, the Louisiana State Board of Ethics filed charges alleging that the School's CEO and three additional employees violated the Louisiana Code of Governmental Ethics. According to Louisiana Revised Statute (LRS) 17:3996(B)(20), the School is subject to the Louisiana Code of Governmental Ethics (specifically as it relates to the hiring of immediate family members) because Friends of King, Inc. agreed in its charter contract to comply with the terms of the code. If found to be in violation of the State ethics laws, it could result in fines/penalties assessed against the employees. The federal grant agreement for CFDA 84.287 Twenty-First Century Community Learning Centers includes a provision stating that a violation of LRS 42:1113A, *Prohibited Contractual Arrangements*, may be grounds for termination of the contract. There are no charges against Friends of King, Inc. or Friends of King School District and, therefore, no fines could be assessed against those entities. It is uncertain at this time what effect this matter will have on the financial statements and on grant agreements.

**THE FRIENDS OF KING SCHOOL**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Section I – Internal Control and Compliance Material to the Financial Statements:*

**2016-01 Late filing of Audit Report with the Louisiana Legislative Auditor within Six Months of the Fiscal Year End**

This finding was not repeated in the current year.

*Section II – Internal Control and Compliance Material to Federal Awards:*

There were no prior year findings.

*Section III - Management Letter:*

A management letter was not issued in connection with the audit for the year ended June 30, 2016.



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

December 31, 2017

To the Board of Directors  
The Friends of King School  
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of The Friends of King School; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of The Friends of King School for the fiscal year ended June 30, 2017; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin; in compliance with Louisiana Revised Statute 24:514. Management of The Friends of King School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

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

Findings: None

**Education Levels of Public School Staff (Schedule 2)**

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers” (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and the School’s supporting payroll records as of October 1, 2016.

Findings: None

3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals, and Full-Time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule.

Findings: None

4. We obtained a list of principals, assistant principals and full-time teachers by classification as of October 1, 2016 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s education level was properly classified on the schedule.

Findings: None

**Number and Type of Public Schools (Schedule 3)**

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application.

Findings: None

**Experience of Public Principals and Full-Time Classroom Teachers (Schedule 4)**

6. We obtained a list of principals, assistant principals and full-time teachers by classification as of October 1, 2016 and as reported on the schedule and traced the same sample used in procedure 4 to the individual’s personnel file and determined if the individual’s experience was properly classified on the schedule.

Findings: None

**Public School Staff Data: Average Salaries(Schedule 5)**

7. We obtained a listing of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalent

as reported on the schedule, and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Findings: None

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

Findings: None

#### **Class Size Characteristics (Schedule 6)**

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of ten classes to the October 1, 2016 roll books for those classes and determined if the class was properly classified on the schedule.

Findings: None

#### **Louisiana Educational Assessment Program (LEAP) (Schedule 7)**

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

Findings: None

#### **Graduation Exit Examination (GEE) (Schedule 8)**

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

#### **iLEAP Tests (Schedule 9)**

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

Findings: None

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation standards contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to, and did not

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of The Friends of King School, as required by Louisiana Revised Statute 24:514.1, 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 Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA

**THE FRIENDS OF KING SCHOOL**

New Orleans, Louisiana

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

	Column A	Column B
<b><u>General Fund Instructional and Equipment Expenditures</u></b>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	3,099,267	
Other Instructional Staff Activities	706,260	
Instructional Staff Employee Benefits	938,897	
Purchased Professional and Technical Services	41,956	
Instructional Materials and Supplies	117,918	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	-	4,904,298
Other Instructional Activities		22,869
Pupil Support Activities	328,725	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities	-	328,725
Instructional Staff Services	313,926	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services	-	313,926
School Administration	1,013,185	
Less: Equipment for School Administration	-	
Net School Administration	-	1,013,185
Total General Fund Instructional Expenditures (Total of Column B)		<u>6,583,003</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>-</u>
<b><u>Certain Local Revenue Sources</u></b>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		-
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-
Total Local Taxation Revenue		<u>-</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		<u>-</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		<u>-</u>
Nonpublic Textbook Revenue		<u>-</u>
Nonpublic Transportation Revenue		<u>-</u>

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

**THE FRIENDS OF KING SCHOOL**

New Orleans, Louisiana

**Education Levels of Public School Staff**

As of October 1, 2016

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's D	-	0%	-	0%	-	0%	-	0%
Bachelor's Degree	31	48%	8	100%	-	0%	-	0%
Master's Degree	26	40%	-	0%	1	33%	-	0%
Master's Degree + 30	8	12%	-	0%	1	33%	-	0%
Specialist in Education	-	0%	-	0%	-	0%	-	0%
Ph. D. or Ed. D.	-	0%	-	0%	1	33%	-	0%
<b>Total</b>	<b>65</b>	<b>100%</b>	<b>8</b>	<b>100%</b>	<b>3</b>	<b>100%</b>	<b>-</b>	<b>0%</b>

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

**THE FRIENDS OF KING SCHOOL**

New Orleans, Louisiana

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

<b>Type</b>	<b>Number</b>
Elementary	1
Middle/Jr. High	
Secondary	
Combination	1
<b>Total</b>	<b>2</b>

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

**THE FRIENDS OF KING SCHOOL**

New Orleans, Louisiana

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

As of October 1, 2016

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	-	-	-	2	2
Principals	-	-	-	-	-	-	2	2
Classroom Teachers	-	6	19	7	16	6	15	69
<b>Total</b>	-	6	19	7	16	6	19	73

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

**THE FRIENDS OF KING SCHOOL**

New Orleans, Louisiana

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

	<b>All Classroom Teachers</b>	<b>Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions</b>
<b>Average Classroom Teachers' Salary Including Extra Compensation</b>	50,749.00	50,285.00
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	50,190.00	49,355.00
<b>Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries</b>	73	56

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

**THE FRIENDS OF KING SCHOOL**

New Orleans, Louisiana

**Class Size Characteristics**

As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	53%	46	17%	20	13%	10		
Elementary Activity Classes							5%	2
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	42%	36	75%	88	83%	65	67%	26
Combination Activity Classes	5%	4	8%	9	4%	3	28%	11
Totals	100%	86	100%	117	100%	78	100%	39

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

**THE FRIENDS OF KING SCHOOL**

New Orleans, Louisiana

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

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 4 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2%	4%	N/A	0%	1%	N/A
Mastery	40%	30%	N/A	36%	28%	N/A
Basic	36%	28%	N/A	28%	34%	N/A
Approaching Basic	16%	21%	N/A	23%	29%	N/A
Unsatisfactory	6%	17%	N/A	13%	8%	N/A
Total	100%	100%	N/A	100%	100%	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 4 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	1%	N/A	N/A	1%
Mastery	22%	9%	7%	N/A	N/A	6%
Basic	42%	46%	46%	N/A	N/A	51%
Approaching Basic	26%	31%	32%	N/A	N/A	27%
Unsatisfactory	9%	14%	14%	N/A	N/A	15%
Total	100%	100%	100%	N/A	N/A	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 8 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	1%	N/A	0%	0%	N/A
Mastery	19%	39%	N/A	16%	11%	N/A
Basic	52%	36%	N/A	25%	33%	N/A
Approaching Basic	22%	12%	N/A	32%	40%	N/A
Unsatisfactory	7%	12%	N/A	27%	16%	N/A
Total	100%	100%	N/A	100%	100%	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 8 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	1%	N/A	N/A	1%
Mastery	2%	0%	2%	N/A	N/A	3%
Basic	42%	23%	20%	N/A	N/A	42%
Approaching Basic	38%	49%	48%	N/A	N/A	29%
Unsatisfactory	18%	28%	29%	N/A	N/A	25%
Total	100%	100%	100%	N/A	N/A	100%

Please note that the Social Studies portion of the LEAP test was not administered in 2016 and 2017 and the English Language Arts and Mathematics portions were not administered in 2015.

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

**Schedule 8**

**THE FRIENDS OF KING SCHOOL**

**New Orleans, Louisiana**

**Graduation Exit Examination (GEE)**

**For the Year Ended June 30, 2017**

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

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

**THE FRIENDS OF KING SCHOOL**

New Orleans, Louisiana

**iLEAP Tests****For the Year Ended June 30, 2017**

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 3 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2%	0%	N/A	6%	3%	N/A
Mastery	32%	28%	N/A	13%	24%	N/A
Basic	31%	23%	N/A	31%	26%	N/A
Approaching Basic	15%	26%	N/A	23%	32%	N/A
Unsatisfactory	20%	23%	N/A	27%	15%	N/A
Total	100%	100%	N/A	100%	100%	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 3 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	0%	N/A	N/A	2%
Mastery	11%	9%	9%	N/A	N/A	10%
Basic	36%	38%	35%	N/A	N/A	38%
Approaching Basic	22%	33%	32%	N/A	N/A	24%
Unsatisfactory	30%	20%	24%	N/A	N/A	26%
Total	100%	100%	100%	N/A	N/A	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 5 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	N/A	0%	0%	N/A
Mastery	20%	16%	N/A	6%	4%	N/A
Basic	42%	37%	N/A	40%	40%	N/A
Approaching Basic	30%	35%	N/A	38%	40%	N/A
Unsatisfactory	8%	12%	N/A	16%	16%	N/A
Total	100%	100%	N/A	100%	100%	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 5 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	0%	N/A	N/A	1%
Mastery	7%	1%	2%	N/A	N/A	3%
Basic	33%	27%	37%	N/A	N/A	40%
Approaching Basic	39%	52%	40%	N/A	N/A	28%
Unsatisfactory	21%	20%	21%	N/A	N/A	28%
Total	100%	100%	100%	N/A	N/A	100%

See Independent Accountant's Report on Applying Agreed-Upon Procedures.

**THE FRIENDS OF KING SCHOOL**

New Orleans, Louisiana

**iLEAP Tests****For the Year Ended June 30, 2017**

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 6 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	N/A	0%	0%	N/A
Mastery	18%	15%	N/A	2%	6%	N/A
Basic	33%	35%	N/A	30%	17%	N/A
Approaching Basic	35%	35%	N/A	46%	56%	N/A
Unsatisfactory	14%	15%	N/A	22%	21%	N/A
Total	100%	100%	N/A	100%	100%	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 6 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	1%	N/A	N/A	1%
Mastery	0%	8%	2%	N/A	N/A	5%
Basic	35%	26%	43%	N/A	N/A	44%
Approaching Basic	43%	42%	39%	N/A	N/A	31%
Unsatisfactory	22%	24%	15%	N/A	N/A	19%
Total	100%	100%	100%	N/A	N/A	100%

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 7 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	3%	N/A	0%	0%	N/A
Mastery	26%	30%	N/A	3%	1%	N/A
Basic	27%	31%	N/A	32%	30%	N/A
Approaching Basic	21%	22%	N/A	45%	46%	N/A
Unsatisfactory	25%	14%	N/A	20%	23%	N/A
Total	100%	100%	N/A	100%	100%	N/A

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 7 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	1%	N/A	N/A	1%
Mastery	14%	1%	4%	N/A	N/A	3%
Basic	38%	37%	38%	N/A	N/A	40%
Approaching Basic	26%	49%	35%	N/A	N/A	35%
Unsatisfactory	22%	13%	22%	N/A	N/A	21%
Total	100%	100%	100%	N/A	N/A	100%

Please note that the Social Studies portion of the ILEAP test was not administered in 2016 and 2017 and the English Language Arts and Mathematics portions were not administered in 2015.

See Independent Accountant's Report on Applying Agreed-Upon Procedures.



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

Board of Directors of The Friends of King School  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by The Friends of King School (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

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1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - 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***, including receiving, recording, and preparing deposits

- 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, and (5) monitoring card usage
- 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. Note: Ethics requirements are not applicable to nonprofits.
- j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. Note: Debt Service requirements are not applicable to nonprofits.

We obtained the entity's written policies and procedures and determined that they address each of the financial/business functions noted above.

#### ***Board (or Finance Committee, if applicable)***

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

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The number of board meetings was in conformity with the entity's bylaws.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

➤ If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The board minutes did not include or reference budget-to-actual financial comparisons.

#### **Management's Response**

The organization was without a Business Manager/CFO for the 2016//2017 fiscal year. Financial operations were outsourced to service providers. Even though financial presentations comparing budget-to-actual were not indicated in the board minutes, the CEO and Board Treasurer had several meetings with the service providers for an overview of the financial status of operations. Under normal operating circumstances, one in which the organization has a CFO, budget-to-actual comparisons are presented at the board meetings. The organization has since hired a CFO and budget-to-actual financial comparisons are presented at the board meetings.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The March 14, 2017 minutes included approval of bank line of credit.

### **Bank Reconciliations**

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

We obtained the required listing as well as management’s representation that the listing was complete.

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

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for each of the entity’s bank accounts.

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

We noted the bank reconciliations did not contain evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) reviewed each bank reconciliation.

#### Management’s Response

Bank statements and reconciliations are available for review by board members in the office of the CEO. However, for the 2016/2017 fiscal year, bank reconciliations did not contain evidence of review by a board member. Starting with the 2017/2018 fiscal year, bank statements and reconciliations will be reviewed by a board member, evidenced by their signature on both.

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

We noted there was no documentation that management has researched reconciling items outstanding for more than six months.

#### Management’s Response

Research concerning items outstanding for more than six months was not conducted with expediency. Going forward, this practice will be instituted.

### **Collections**

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

Management provided us with the required listing as well as the representation that the listing was complete.

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

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

Each person responsible for collecting cash is bonded, not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and not required to share the cash register or drawer with another employee.

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

The entity does have a formal process to reconcile cash collections to the general ledger by revenue source by a person who is not responsible for cash collections.

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

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

The selected deposits were made within one day of collection.

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

Daily cash collections are completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

The entity does have a process specifically defined to determine completeness of all collections, for each revenue source by a person who is not responsible for collections.

*Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)*

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

Management provided us with the required listing as well as the representation that the listing was complete.

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

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

Purchases were initiated using a system that separates initiation from approval functions.

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

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

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

Payments for purchases were not processed without proper approvals.

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

The person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

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

The person who makes the final authorization for disbursements does not have responsibility for initiating or recording purchases.

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

The supply of unused checks is maintained in a locked location with access restricted to those persons who do not have signatory authority.

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

Not applicable.

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

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

Management provided us with the required listing as well as the representation that the listing was complete.

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

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

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

There is no evidence that the monthly statements and supporting documentation were reviewed and approved, in writing, by someone other than the authorized card holder.

#### Management's Response

For the 2017/2018 fiscal year, this process will be implemented. The reviewer and approver will be one level higher in authority than the cardholder.

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

A late fee of \$35 was assessed on the statement selected for testing.

#### Management's Response

Better processes and procedures will be put in place to ensure that payments to vendors are made within the vendor's terms.

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

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)  
The transaction was supported by an original itemized receipt.
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.  
The transaction was supported by documentation of the business/public purpose.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)  
No other documentation was required.
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.  
No exceptions were noted.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.  
No exceptions were noted.

### ***Travel and Expense Reimbursement***

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17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.  
Management provided us with the required listing as well as the representation that the listing was complete.
18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.  
Management follows GSA travel regulations related to travel and expense reimbursements.
19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Each expense was reimbursed in accordance with written policy.

b) Report whether each expense is supported by:

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

Each expense was supported by an original itemized receipt that identifies precisely what was purchased.

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

Each expense was supported by documentation of the business/public purpose.

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

No other documentation was required.

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

No exceptions were noted.

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

All of the expenses and related documentation were reviewed and approved by someone other than the person receiving reimbursement.

## ***Contracts***

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

Management provided us with the required listing as well as the representation that the listing was complete.

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

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

There is a formal/written contract supporting the services arrangement and the amount paid.

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

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The selected contracts were not subject to the Louisiana Public Bid Law or Procurement Code. The entity does solicit quotes as a best practice.

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

Not applicable.

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

The invoice and related payment complied with the terms and conditions of the contract for all but one contract. On that contract, the payment was made at the invoiced rate of \$78/hour rather than the contract rate of \$75/hour.

#### Management's Response

This was an oversight on the part of the organization. Better processes and procedures will be put in place to ensure that payments to providers are made in accordance with the contract. The organization will be seeking a refund from the vendor cited above.

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

Not applicable.

### ***Payroll and Personnel***

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

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

The payments made to each of the five selected employees were made in strict accordance with the terms and conditions of the employment.

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

Not applicable.

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

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

Each of the selected employees documented their daily attendance and leave.

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

There is no written documentation that supervisors approved the attendance and leave of the selected employees.

Management's Response

Attendance and leave of all employees is reviewed and approved by the CEO. However, the approval was not written. Beginning with the 2017/2018 fiscal year, all approvals of attendance and leave of employees will be evidenced by initials and/or signatures of the CEO.

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

There is written documentation that the entity maintained written leave records on those selected employees that earn leave.

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

There were no termination payments made during the fiscal period.

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

Employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.

***Ethics (excluding nonprofits)***

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

Not applicable.

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

Not applicable.

***Debt Service (excluding nonprofits)***

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

Not applicable.

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

Not applicable.

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

Not applicable.

***Other***

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

Management is not aware of any misappropriations of public funds or assets.

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

We noted that the required notices were not posted on either the premises or website.

Management's Response

The LEA/Charter School was not aware of these requirements. The LEA/Charter School will post the required notices on the premises and its websites.

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

No exceptions were noted.

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

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

***Hienz & Macaluso, LLC***  
Metairie, Louisiana  
December 31, 2017