

**HYNES CHARTER SCHOOL
CORPORATION AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS**

For the Year Ended June 30, 2019



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JUNE 30, 2019**

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Report



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INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of
Hynes Charter School Corporation and Affiliate
New Orleans, Louisiana

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Hynes Charter School Corporation and Affiliate (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hynes Charter School Corporation and Affiliate as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 14 to the consolidated financial statements, certain errors resulting in misstatement of net assets with donor restriction as of July 1, 2018, were discovered by management of the Organization during the current year. Accordingly, an adjustment of \$77,545 was made to the beginning net assets with donor restriction and net assets without donor restriction. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the consolidated financial statements, management has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

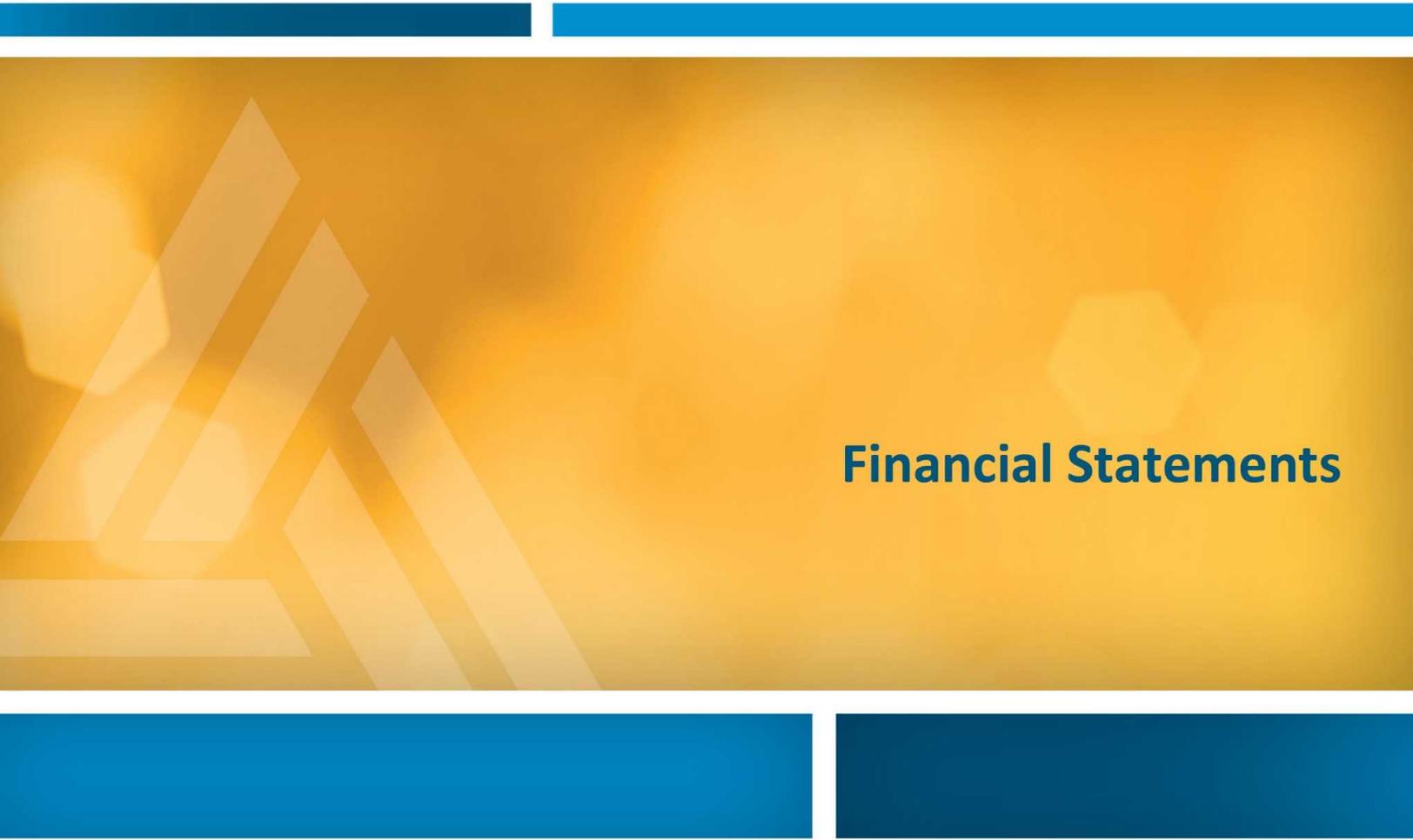
Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules and schedule of compensation, benefits, and other payments to Chief Executive Officer are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 September 26, 2019, on our consideration of Hynes Charter School Corporation and Affiliate'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 Hynes Charter School Corporation and Affiliate's internal control over financial reporting and compliance.

Caru, Riggs & Ingram, L.L.C.

September 26, 2019



Financial Statements

**HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of June 30,

2019

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 4,815,002
Cash restricted for student activities	66,027
Grant and other receivables	324,555
Prepaid expenses	103,817
Inventory	22,698
<hr/>	
Total Current Assets	5,332,099
<hr/>	
OTHER ASSETS	
Equipment, net	6,858
Security deposit	10,000
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Total Other Assets	16,858
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TOTAL ASSETS	\$ 5,348,957
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LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 224,342
Accrued payroll liabilities	694,335
Deferred revenue	84,712
<hr/>	
Total Current Liabilities	1,003,389
<hr/>	
NET ASSETS	
Without donor restriction	4,297,387
With donor restriction	48,181
<hr/>	
Total Net Assets	4,345,568
<hr/>	
TOTAL LIABILITIES AND NET ASSETS	\$ 5,348,957
<hr/>	

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

**HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES**

<i>For the Year Ended June 30, 2019</i>	Without Donor Restriction	With Donor Restriction	Total
REVENUES AND OTHER SUPPORT			
Grants			
Federal	\$ 259,025	\$ -	\$ 259,025
State	86,007	-	86,007
Other	300,000	33,300	333,300
State and local Minimum Foundation Program	6,633,725	-	6,633,725
Donations	171,359	298	171,657
Student fees	-	357,736	357,736
Miscellaneous revenue	136,301	23,922	160,223
Net assets released from restriction	407,677	(407,677)	-
Total Revenues and Other Support	7,994,094	7,579	8,001,673
EXPENSES			
Program expenses	5,801,642	-	5,801,642
Support expenses			
Administrative expenses	2,249,138	-	2,249,138
Fundraising expenses	22,275	-	22,275
Total Expenses	8,073,055	-	8,073,055
CHANGE IN NET ASSETS	(78,961)	7,579	(71,382)
NET ASSETS - Beginning of year (as originally presented)	4,298,803	118,147	4,416,950
Prior period adjustment	77,545	(77,545)	-
NET ASSETS - Beginning of year (as restated)	4,376,348	40,602	4,416,950
NET ASSETS - End of year	\$ 4,297,387	\$ 48,181	\$ 4,345,568

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

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

<i>For the Year Ended June 30, 2019</i>	Program Expenses	Administrative Expenses	Fund Raising Expenses	Total
Salaries	\$ 2,973,070	\$ 1,423,643	\$ 16,524	\$ 4,413,237
Payroll taxes	46,849	18,280	240	65,369
Employee benefits	345,270	173,475	829	519,574
Retirement fund contribution	703,134	301,956	4,682	1,009,772
Administrative fee	440,129	-	-	440,129
Advertising	-	15,636	-	15,636
Depreciation	3,086	343	-	3,429
Disposal services	9,151	1,017	-	10,168
Dues and fees	36,175	943	-	37,118
Equipment rental	-	17,584	-	17,584
Food service management	10,665	1,782	-	12,447
Insurance	112,239	12,471	-	124,710
IT services	101,316	25,329	-	126,645
Materials and supplies	256,573	90,673	-	347,246
Miscellaneous expense	109,882	35,700	-	145,582
Professional services	136,695	86,940	-	223,635
Repairs and maintenance	160,067	17,785	-	177,852
Telephone and postage	-	8,169	-	8,169
Textbooks	112,793	-	-	112,793
Transportation	54,321	-	-	54,321
Travel	33,519	-	-	33,519
Utilities	156,708	17,412	-	174,120
Total Expenses	\$ 5,801,642	\$ 2,249,138	\$ 22,275	\$ 8,073,055

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

**HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS**

For the Year Ended June 30,

2019

CASH FLOW FROM OPERATING ACTIVITIES

Change in net assets	\$ (71,382)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	3,429
Changes in operating assets and liabilities:	
Cash restricted for student activities	37,335
Grant and other receivables	(196,814)
Prepaid expenses	1,365
Inventory	(22,698)
Accounts payable	(43,601)
Accrued payroll liabilities	211,777
Deferred revenue	5,518
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Net Cash Used In Operating Activities	(75,071)
<hr/>	
NET DECREASE IN CASH AND CASH EQUIVALENTS	(75,071)
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CASH AND CASH EQUIVALENTS - Beginning of year	4,890,073
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CASH AND CASH EQUIVALENTS - End of year	\$ 4,815,002
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The accompanying notes are an integral part of this consolidated financial statement.

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Hynes Charter School Corporation (the School) was granted a five-year charter by the Orleans Parish School Board (OPSB) in 2006 to provide all students with a safe and diverse learning community by empowering them to be proficient readers, writers, and critical thinkers. The charter was renewed for an additional five years effective July 1, 2012 and an additional ten years effective July 1, 2017. Effective July 1, 2017, Hynes Charter School Corporation is a Type 1 charter school governed by a board of directors.

Effective October 31, 2018, Friends of Hynes (the Friends) was formed in order to construct, purchase, maintain, or repair facilities beneficial to the School and to solicit and receive contributions, through direct gifts, charitable remainder trusts, grants and otherwise, for the benefit of the School.

Basis of Accounting

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

Consolidation

The consolidated financial statements include accounts of Hynes Charter School Corporation and Friends of Hynes, collectively referred to as the Organization. All material intercompany account balances and transactions have been eliminated.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). Under FASB, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restriction – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising donations or contributions, and performing administrative functions.

Net Assets With Donor Restriction – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. As of June 30, 2019, net assets with donor restriction was \$48,181.

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization considers all unrestricted funds and highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Grant and Other Receivables

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

Equipment

Equipment is capitalized at cost and updated for additions and retirements during the year. The net carrying amount is considered the net realizable value. Donated property and equipment is recorded at fair market value as of the date received. The Organization maintains a capitalization threshold of \$5,000 for equipment. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported equipment is depreciated using the straight-line method over three to five years.

Deferred Revenue

The Organization obtains payment of a \$95 student activity fee per student and a \$100 French fee, as applicable, at the time of registration for the subsequent year, during the spring of the current year. Revenues from these fees are recognized in the year in which they are earned. Fees collected in the current year that apply to the subsequent year are deferred.

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue With and Without Donor Restriction

Donations that are restricted by the donor are reported as increases in revenue without donor restriction if the restrictions expire (that is, a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted donations are reported as increases in revenue with donor restriction, depending on the nature of the restriction.

When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statement of activities as net assets released from restriction. As of June 30, 2019, net assets with donor restriction consisted of \$14,881 for Project Lead the Way and \$33,300 for teaching materials, both purpose restricted. The student activity fund consists of student activity fees and Husky Care revenue (before and after-school child care program) (See Note 8).

Income Tax Status

The School and Friends are tax exempt organizations under Internal Revenue Code Section 501(c)(3) and, as such, are not subject to income tax.

Uncertain Tax Positions

Accounting principles generally accepted in the United States of America require the Organization's management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization's management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Public Support and Revenue

The Organization's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund and the OPSB. For the year ended June 30, 2019, the School received \$3,484 from the State and \$5,692 from the OPSB per eligible student in attendance at the official pupil count date of October 1, 2018. MFP revenue accounts for 83% of the Organization's total revenue for the year ended June 30, 2019. Federal grants are on a cost reimbursement basis and accounted for 3% of the Organization's total revenue for the year ended June 30, 2019.

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

State Grant Revenue

State grant revenue consists of stipends for Foreign Associate Teachers (FAT) and Escadrille Louisiana Graduates (Escadrille). The stipend pays \$20,000 to \$21,000 per teacher per year depending on the type of visa held and the length of service within the program. The Organization was awarded \$84,000 for the year ended June 30, 2019 and is included in state grants on the consolidated statement of activities.

Other Grant Revenue

The Organization periodically receives grants from private organizations for various reasons. The Organization received other grants totaling \$333,300 for the year ended June 30, 2019, which is included in other grants on the consolidated statement of activities.

Donated Equipment, Services, and Materials

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, 2019, there were no non-cash contributions or services.

Inventory

Inventory is carried at the lower of cost or market and, as of June 30, 2019, consisted of textbooks and other teaching materials and supplies.

Functional Expense

As required under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958), the Organization has presented a consolidated statement of functional expense as part of its audited consolidated financial statements. The consolidated financial statements of the Organization report certain categories of expenses that are attributable to more than one program or supporting function. The majority of expense are allocated based on actual time and effort. However, insurance, repairs and maintenance, disposal services, IT services, utilities, and depreciation require allocation based on the square footage of the building.

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

Effective July 1, 2018, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its consolidated financial statements accordingly. The new standard changes the following aspect of the Organization’s consolidated financial statements:

- The temporarily restricted and permanently restricted net assets have been combined into a single net asset class called net assets with donor restriction.
- The unrestricted net asset class has been renamed net assets without donor restriction
- The consolidated financial statements include a new disclosure about liquidity and availability of resources (Note 13).
- The consolidated statement of functional expense are allocated by both nature and function (Note 1).

The changes have the following effect on net assets at July 1, 2018 (after restatement, see note 14):

	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 4,368,206	\$ -
Temporarily restricted net assets	48,744	-
Net assets without donor restriction	-	4,368,206
Net assets with donor restriction	-	48,744

Recent Financial Accounting Pronouncements

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. These amendments are effective for the fiscal year ending June 30, 2020. Early adoption with certain restrictions is permitted. The Organization is currently evaluating the impact of the guidance on its consolidated financial statements.

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Financial Accounting Pronouncements (Continued)

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): *Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the consolidated statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. This amendment is effective for the fiscal year ending June 30, 2020. The Organization is currently evaluating the impact of the guidance on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Organization serves as a resource recipient for the fiscal year ending June 30, 2020. Early adoption is permitted. The Organization is currently evaluating the impact of the guidance on its consolidated financial statements.

A variety of proposed or otherwise potential accounting standards are currently under review and study by standard-setting organizations and certain regulatory agencies. Because of the tentative and preliminary nature of such proposed standards, the Organization has not yet determined the effect, if any, that the implementation of any such proposed or revised standards would have on its consolidated financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Organization's cash deposits exceeded the Federal Deposit Insurance Corporation (FDIC) limits at various times during the year ended June 30, 2019. At June 30, 2019, the Organization's cash deposits exceeded the FDIC limits by \$4,732,282.

**HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 3 – COMPENSATED ABSENCES

Teachers and staff are allowed a maximum of 10 cumulative sick and personal days per year. For the year ended June 30, 2019, earned and unused sick and personal days can be paid to employees at a rate of \$80 per day following the Organization’s fiscal year end. The Organization has accrued \$36,487 of unpaid leave as of June 30, 2019, which is included in accrued payroll liabilities on the consolidated statement of financial position.

NOTE 4 – GRANT AND OTHER RECEIVABLES

Grant and other receivables are deemed to be fully collectible by management and were comprised of the following as of June 30, 2019:

	2019
Grant receivables	
Title I	\$ 110,826
Title II	8,437
Title III	3,784
Title IV	15,143
Educational Excellence Fund	25,835
Striving Readers Comprehensive Literacy	46,754
Charter School Program	43,943
High Cost	2,678
Total grant receivables	257,400
Government rebates	27,372
Other receivables	39,782
Total grant and other receivables	\$ 324,555

NOTE 5 – EQUIPMENT

Equipment is as follows as of June 30, 2019:

	2019
Equipment	\$ 31,623
Less: accumulated depreciation	(24,765)
Equipment, net	\$ 6,858

For the year ended June 30, 2019, depreciation expense was \$3,429.

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 – DONATED FENCE

During fiscal year 2019, the Organization incurred costs to construct a fence. The Organization donated this capital asset to the OPSB during fiscal year 2019. The costs were expensed on the consolidated statement of activities and included in program expenses for the year ended June 30, 2019 as a donated capital asset in the amount of \$24,185.

NOTE 7 – RETIREMENT PLAN

Certain employees of the Organization participate in the Teachers' Retirement System of Louisiana (the "System"). The System is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan Description

The System provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, five years of service credit if the employee reaches age sixty, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Funding Policy

Plan members are required to contribute 8% of their annual covered salary. The Organization is required to contribute at an actuarially determined rate. The rate was 26.6% of annual eligible covered payroll for the year ended June 30, 2019. Member contributions and employer contributions for the System are established by state law, and rates are established by the Public Retirement System's Actuarial Committee. The Organization's contribution to the System for the year ended June 30, 2019 was \$1,009,772.

NOTE 8 – CASH RESTRICTED FOR STUDENT ACTIVITIES

The Organization maintains a separate bank account for student activities. The account is for collected student activity fees and Husky Care (before and after-school care program) fees. Restricted student activity funds amounted to \$66,027 at June 30, 2019 and are reported as cash restricted for student activities in the consolidated statement of financial position.

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 – RELATED PARTY TRANSACTIONS

During the year ended June 30, 2019, the Organization had related party expenses totaling \$537,483 with OPSB, the School's Local Educational Agency (LEA). There was no receivable balance due from the OPSB for the year ended June 30, 2019. At June 30, 2019, \$154,345 was included in accounts payable to the LEA.

The Louisiana Legislature approved a 2% administrative fee to be paid by all charter schools to the LEA. For the year ended June 30, 2019, the Organization paid \$131,439 in administrative/rental fees to the LEA. The Organization paid additional LEA fees of \$308,690 for OPSB to remain the LEA for the year ended June 30, 2019. In addition, the Organization incurred \$86,689 of related party expenses to the OPSB for insurance costs on their current location under the lease agreement for the year ended June 30, 2019.

The remaining related party expenses of \$10,665 are for the food services provided by the LEA for meals at the Organization for the year ended June 30, 2019.

During the fiscal year ended June 30, 2019, the Organization received \$160,000 from the Hynes Parent Teacher Organization (PTO), affiliated as the parent organization of the students enrolled at the School, which is included in donations on the consolidated statement of activities. The PTO receives the use of the Organization's facilities rent free during the year to host meeting or events it otherwise would have to purchase.

NOTE 10 – COMMITMENTS

The School has offer letters with most of its employees. The offer letters for the current year expired June 30, 2019. The offer letters for the subsequent year were signed in August 2019 and expire June 30, 2020. All offer letters provide for a minimum annual salary and other benefits.

NOTE 11 – CONTINGENCIES

State Funding

The continuation of the School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with OPSB. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12 – SCHOOL OPERATION/LEASEHOLD INTEREST

Effective January 1, 2013, the School renewed an operating agreement with the Orleans Parish School Board (OPSB), which allows the School to use the facilities and contents located at 990 Harrison Ave., New Orleans, LA 70124, or any other locations that may be approved by the School and the OPSB. This agreement was extended on July 1, 2017 and will expire on June 30, 2021. The agreement may be renewed for a period of one year at the option of the OPSB. For the use of the facilities, the School reimburses property insurance costs to the OPSB. The School had paid \$86,689 for the year ended June 30, 2019 in property insurance reimbursement costs.

As of June 30, 2019, the School had a \$10,000 security deposit with the OPSB.

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. The School's maintenance obligation has a cap of \$10,000. If capital improvements are made by the School with non-public funds to any site which it operates, and the charter contract is revoked or terminated, the School will be reimbursed for the fair market value of such capital improvements. Assets purchased with public funds or obtained from public sources will automatically revert to the OPSB at the time the agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

In consideration of the use of the property, a use fee is calculated as a per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management, and flood insurance of all OPSB-controlled school facilities, including any insurance brokerage fee, unrelated to recovery of the capital costs or depreciation that would be recovered in a traditional lease relationship. The use fee is calculated and invoiced annually and paid by the Organization in equal installments over a 12-month fiscal year, through deduction from the School's monthly MFP allocation, commencing on July 1, 2017. The use fee may be adjusted annually based on the increase or decrease in the actual cost of property, boiler and machinery, terrorism, disaster management, and flood insurance, or the number of students enrolled, thus future rental amounts are not readily determinable. For the year ended June 30, 2019, rent expense paid to OPSB was \$131,439 and is included in administrative fee on the consolidated statement of functional expense.

Effective August 1, 2019, the School entered into an operating agreement with OPSB, which allows the School to use the facilities and content located at 6101 Chatham Drive, New Orleans, LA 70122. This agreement will expire June 30, 2021. The agreement may be renewed for a period of one year at the option of OPSB. The terms of the agreement are similar to those already in place between OPSB and the School for use of facilities and contents located at 990 Harrison Ave.

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization has \$5,139,557 of financial assets available within one year of the balance sheet date consisting of cash of \$4,815,002 and grants and other receivables of \$324,555. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date. The Organization has a goal to maintain financial assets, consisting of cash on hand, to meet 90 days of operating expenses. Management estimates 90 days of operating expenses to be \$2,018,000 and believes it has appropriate available financial resources as of June 30, 2019. As part of its liquidity management, the Organization maintain cash accounts at a local bank which pays interest on the balances maintained.

NOTE 14 – CORRECTION OF AN ERROR

Subsequent to the issuance of the financial statements for the year ended June 30, 2018, the Organization determined that certain deferred revenues were improperly restricted as of year-end. The Organization determined that these transactions caused an overstatement to the beginning net assets with donor restriction of \$77,545.

	June 30, 2019 (as originally stated)	Adjustment	June 30, 2019 (as restated)
Consolidated Statement of Activities:			
NET ASSETS – Beginning of year,			
Without Donor Restriction	4,298,803	77,545	4,376,348
NET ASSETS – Beginning of year,			
With Donor Restriction	118,147	(77,545)	40,602

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, September 26, 2019, and determined that, other than the events in Note 10 and Note 12, no material events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion of these consolidated financial statements.



Supplementary Information

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE CONSOLIDATING STATEMENT OF FINANCIAL POSITION

<i>As of June 30, 2019</i>	Hynes Charter School Corporation	Friends of Hynes	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,807,089	\$ 7,913	\$ -	\$ 4,815,002
Cash restricted for student activities	66,027	-	-	66,027
Grant and other receivables	336,599	-	(12,044)	324,555
Prepaid expenses	102,847	970	-	103,817
Inventory	22,698	-	-	22,698
Total Current Assets	5,335,260	8,883	(12,044)	5,332,099
OTHER ASSETS				
Equipment, net	6,858	-	-	6,858
Security deposit	10,000	-	-	10,000
Total Other Assets	16,858	-	-	16,858
TOTAL ASSETS	\$ 5,352,118	\$ 8,883	\$ (12,044)	\$ 5,348,957
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 224,342	\$ 12,044	\$ (12,044)	\$ 224,342
Accrued payroll liabilities	694,335	-	-	694,335
Deferred revenue	84,712	-	-	84,712
Total Current Liabilities	1,003,389	12,044	(12,044)	1,003,389
NET ASSETS				
Without donor restriction	4,300,548	(3,161)	-	4,297,387
With donor restriction	48,181	-	-	48,181
Total Net Assets	4,348,729	(3,161)	-	4,345,568
TOTAL LIABILITIES AND NET ASSETS	\$ 5,352,118	\$ 8,883	\$ (12,044)	\$ 5,348,957

See Independent Auditors' Report.

HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE CONSOLIDATING STATEMENT OF ACTIVITIES

<i>For the Year Ended June 30, 2019</i>	Hynes Charter School Corporation	Friends of Hynes	Eliminations	Total
REVENUES AND OTHER SUPPORT				
Grants				
Federal	\$ 259,025	\$ -	\$ -	\$ 259,025
State	86,007	-	-	86,007
Other	333,300	-	-	333,300
State and local Minimum Foundation Program	6,633,725	-	-	6,633,725
Donations	171,657	-	-	171,657
Student fees	357,736	-	-	357,736
Miscellaneous revenue	160,223	-	-	160,223
Total Revenues and Other Support	8,001,673	-	-	8,001,673
EXPENSES				
Program expenses	5,799,106	2,536	-	5,801,642
Administrative expenses	2,248,513	625	-	2,249,138
Fundraising expenses	22,275	-	-	22,275
Total Expenses	8,069,894	3,161	-	8,073,055
CHANGE IN NET ASSETS	(68,221)	(3,161)	-	(71,382)
NET ASSETS - Beginning of year	4,416,950	-	-	4,416,950
NET ASSETS - End of year	\$ 4,348,729	\$ (3,161)	\$ -	\$ 4,345,568

See Independent Auditors' Report.

**HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED JUNE 30, 2019**

Agency Head Name: Michelle Douglas, Principal/CEO

PURPOSE	Amount
Salary	\$ 165,235
Benefits-health insurance	6,504
Benefits-retirement	46,816
Deferred compensation	-
Workers compensation	838
Benefits-life insurance	3
Benefits-long term disability	949
Benefits-Fica and Medicare	2,399
Car allowance	-
Vehicle provided by government	-
Cell phone	4,171
Dues	5,354
Vehicle rental	-
Per diem	-
Reimbursements	10,947
Travel	272
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
Total	\$ 243,488

See Independent Auditors' Report.



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

To the Boards of Directors of
Hynes Charter School Corporation and Affiliate
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 consolidated financial statements of Hynes Charter School Corporation and Affiliate (the Organization) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization's consolidated 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 Organization's consolidated 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 consolidated 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.

Cary Riggs & Ingram, L.L.C.

September 26, 2019

**HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I - SUMMARY OF AUDITORS' REPORTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be a material weaknesses? | None noted |
| c. Noncompliance material to financial statements noted? | No |

SECTION II – CONSOLIDATED FINANCIAL STATEMENTS FINDINGS

No findings noted.



**HYNES CHARTER SCHOOL CORPORATION AND AFFILIATE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION II – FINANCIAL STATEMENTS FINDINGS

None noted.

**HYNES CHARTER SCHOOL
CORPORATION**

BESE AGREED-UPON PROCEDURES REPORT

For the Year Ended June 30, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor:

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Hynes Charter School Corporation (a nonprofit organization), (the School) the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2019; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results related to the accompanying schedules of supplementary information and are as follows:

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

1. We will select a random sample of 25 transactions, review supporting documentation and observe that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

Results: No exceptions noted in performing this procedure.

Class Size Characteristics (Schedule 2)

2. We will obtain a list of classes by school, school type, and class size as reported on the schedule. We will then trace a sample of 10 classes to the October 1st roll books for those classes and observe that the class was properly classified on the schedule.

Results: Exception noted; one class was not properly classified on the schedule as it included a special education student that does not participate in the class.

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

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

Results: No exceptions noted in performing this procedure.

Public School Staff Data: Average Salaries (NO SCHEDULE)

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

Results: Exception noted; one individual's salary was incorrectly reported on the June 30, 2019 PEP Report.

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

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

Cary Riggs & Ingram, L.L.C.

September 26, 2019

**HYNES CHARTER SCHOOL CORPORATION
SCHEDULE 1**

**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND
CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2019**

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 2,500,313	
Other instructional staff activities	322,411	
Instructional Staff Employee benefits	1,035,774	
Purchased professional and technical services	109,153	
Instructional materials and supplies	262,178	
Less instructional equipment	-	
Total teacher and student interaction activities	4,229,829	

Other instructional activities	220,754	220,754
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Pupil support activities	852,083	
Less equipment for pupil support activities	-	
Net pupil support activities	852,083	

Instructional Staff Services	360,666	
Less equipment for instructional staff services	-	
Net instructional staff services	360,666	

School Administration	539,592	
Less: Equipment for School Administration	-	
Net School Administration	539,592	

Total general fund instructional expenditures	\$ 6,202,924	
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* Remainder of the BESE Schedule 1 does not apply to the School.

See independent accountants' report on applying Agreed-Upon Procedures.

HYNES CHARTER SCHOOL CORPORATION
SCHEDULE 2

CLASS SIZE CHARACTERISTICS
AS OF OCTOBER 1, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	27%	39	46%	69	27%	39	0%	0
Elementary Activity Classes	36%	51	24%	34	36%	50	4%	5
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

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



Hynes Charter Schools
Office of the CEO
990 Harrison Avenue
New Orleans, Louisiana 70124
(504) 324-7160

September 26, 2019

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

And

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

RE: Management's Response to
Board of Elementary and Secondary Education Agreed-Upon Procedures
Hynes Charter School Corporation

Dear Sirs:

Hynes Charter School Corporation will review policies and procedures in regard to the comments for each schedule of performance and statistical data. We will make appropriate changes to improve reporting on each schedule of performance and statistical data that are cost effective and within our budget constraints.

Sincerely,

Michelle Douglas
CEO/ Principal

**HYNES CHARTER SCHOOL
CORPORATION**

STATEWIDE AGREED-UPON PROCEDURES REPORT

For the Year Ended June 30, 2019



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Hynes Charter School Corporation
New Orleans, Louisiana
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Hynes Charter School Corporation (the "School") and the Louisiana Legislative Auditor ("LLA") on the control and compliance ("C/C") areas identified in the LLA's Statewide Agreed-Upon Procedures ("SAUPs") for the fiscal period July 1, 2018 through June 30, 2019. The School 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 required procedures and associated results are as follows:

Written Policies and Procedures

1. Obtain and inspect the School's written policies and procedures and observe that they address the following category.
 - a) Disaster Recovery/Business Continuity, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

Credit Cards/Debit Cards

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

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

3. 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, obtain supporting documentation, and:

Note- the School only used 2 cards during the fiscal period; as such, all cards selected for procedure.

- a) Observe that 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.

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

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

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

4. Using the monthly statements or combined statements selected under #3 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. 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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

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

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

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

September 26, 2019