

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

Annual Financial Statements

June 30, 2018



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## Independent Auditor's Report

To the Board of Directors  
Elan Academy Charter School  
New Orleans, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of Elan Academy Charter School (the School), which comprise the statement of financial position as of June 30, 2018, 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 Elan Academy Charter School as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of board of directors and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Schedules 1 through 9 are not a required part of the financial statements, but are supplementary information required by Louisiana State Law. 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. We have applied certain limited procedures, which are described in the independent accountant's report on applying agreed-upon procedures. However, we did not audit this information and, accordingly, express no opinion on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2018, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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 School's internal control over financial reporting and compliance.



A Professional Accounting Corporation

Covington, LA  
September 24, 2018

**ELAN ACADEMY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Statement of Financial Position  
 June 30, 2018**

<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 62,314
Grants Receivable	237,847
Prepaid Expenses	<u>5,904</u>
<b>Total Current Assets</b>	<u>306,065</u>
<b>Property, Plant, and Equipment</b>	
Buildings and Improvements	44,096
Machinery and Equipment	<u>69,267</u>
Total at Cost	113,363
Less: Accumulated Depreciation	<u>(27,269)</u>
<b>Net Property, Plant, and Equipment</b>	<u>86,094</u>
<b>Total Assets</b>	<u><u>\$ 392,159</u></u>
<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts Payable	\$ 19,013
Accrued Expenses	<u>13,210</u>
<b>Total Current Liabilities</b>	<u>32,223</u>
<b>Total Liabilities</b>	<u>32,223</u>
<b>Net Assets</b>	
Unrestricted	<u>359,936</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 392,159</u></u>

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

**ELAN ACADEMY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Statement of Activities  
 For the Year Ended June 30, 2018**

	<b>Unrestricted</b>
<b>Support and Revenue</b>	
State Public School Funding	\$ 528,432
Private Grants and Contributions	517,609
Federal and State Grants	167,126
Other Income	<u>16,695</u>
<b>Total Support and Revenue</b>	<u>1,229,862</u>
<b>Expenses and Losses</b>	
Program Expenses	
Education Programs	854,602
Management and General General Administration	<u>294,737</u>
<b>Total Expenses and Losses</b>	<u>1,149,339</u>
<b>Change in Net Assets</b>	80,523
<b>Net Assets, Beginning of Year</b>	<u>279,413</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 359,936</u></u>

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

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Statement of Functional Expenses  
For the Year Ended June 30, 2018**

	<u>Education Programs</u>	<u>Supporting Services</u>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 389,990	\$ 119,296	\$ 509,286
Employee Benefits	70,919	21,694	92,613
Facility-Related Expenses	69,603	17,401	87,004
Transportation	85,624	-	85,624
Purchased Educational Services	80,087	-	80,087
Back-Office Services, Payroll, and Audit	-	63,680	63,680
Supplies and Materials	52,756	7,742	60,498
Food Services	47,594	3,392	50,986
Other Purchased Services	-	48,013	48,013
Depreciation and Amortization	27,269	-	27,269
Equipment and Furniture	23,825	-	23,825
Authorizer Fees	-	10,800	10,800
Insurance	6,935	1,734	8,669
Legal Services	-	559	559
Dues, Interest, Late Fees, and Penalties	-	426	426
<b>Total</b>	<u>\$ 854,602</u>	<u>\$ 294,737</u>	<u>\$ 1,149,339</u>

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

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Statement of Cash Flows  
For the Year Ended June 30, 2018**

<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 80,523
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation	27,269
(Increase) Decrease in:	
Grants Receivable	(137,847)
Prepaid Expenses	23,192
Increase (Decrease) in:	
Accounts Payable	16,790
Accrued Expenses	12,737
Deferred Revenue	<u>(200,000)</u>
<b>Net Cash Used in Operating Activities</b>	<u>(177,336)</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of Property, Plant, and Equipment	<u>(113,363)</u>
<b>Net Cash Used in Investing Activities</b>	<u>(113,363)</u>
<b>Net Decrease in Cash</b>	(290,699)
<b>Cash, Beginning of Year</b>	<u>353,013</u>
<b>Cash, End of Year</b>	<u><u>\$ 62,314</u></u>

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

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies**

**Organization**

Elan Academy Charter School (the School) was created as a non-profit corporation under the laws of the State of Louisiana on October 23, 2015. On May 17, 2016, the School entered into a Charter School Operating agreement with the Orleans Parish School Board (OPSB) beginning July 1, 2017, whereby the School would operate a Type 1 charter school as defined in Louisiana Revised Statute (LRS) 17:3971, et. seq. On May 17, 2016, the School also entered into a Local Educational Agency (LEA) agreement maintaining OPSB as the School's LEA through June 30, 2018. On January 24, 2018, the School's Board voted to renew the LEA agreement with OPSB through June 30, 2019. The School is currently approved to serve eligible students in kindergarten through sixth grade in Orleans Parish.

A summary of the School's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

**Financial Statement Presentation**

The School follows the guidance of the *Not-for-Profit Entities* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). 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. In addition, the School is required to present a statement of cash flows.

The School also follows the guidance of the *Not-for-Profit Entities* Topic of the FASB ASC, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the donor-imposed time or purpose restrictions. Restricted contributions for which the restriction is met in the same year are classified as unrestricted.

**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 are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**State and Federal Funding**

The School's primary source of funding is through the State Public School Fund. The School receives funding per eligible student in attendance on October 1<sup>st</sup>, payable in monthly installments. The October 1<sup>st</sup> student count is audited by the Louisiana Department of Education. Adjustments are made in the following year. State and federal grants are on a cost reimbursement basis. An accrual is made when eligible expenses are incurred.

**Private Grants and Contributions**

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All unconditional promises to give are recognized as assets and revenues. Management believes that all unconditional promises to give are collectible.

**Cash**

During the year, cash may consist of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the School's bank accounts from donations received from individuals or entities who specified the use of the contribution. At June 30, 2018, there were no restricted cash balances.

**Statement of Cash Flows**

For purposes of the statement of cash flows, the School considers all investments purchased with an original maturity of three months or less to be cash equivalents. At June 30, 2018, the School had no cash equivalents.

**Property, Plant, and Equipment and Depreciation**

Property, plant, and equipment is recorded at historical cost, or estimated historical cost if historical cost is not available. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation expense for the year ended June 30, 2018, was \$27,269.

Depreciation of property, plant, and equipment is calculated using the straight-line method over the estimated useful lives of the assets. The following are the estimated useful lives of the property, plant, and equipment of the School:

	<b>Useful Lives</b>
Building Improvements	5 Years
Machinery and Equipment	3 - 5 Years

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Income Taxes**

The School is recognized by the Internal Revenue Service (IRS) as a Section 501(c)(3) tax-exempt organization. However, income from certain activities not directly related to the School's tax-exempt purpose is subject to taxation as unrelated business income.

Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. The School believes that it has appropriate support for any tax positions taken, and management has determined that there are no uncertain tax positions that are material to the financial statements.

Penalties and interest assessed by income taxing authorities, if any, would be included in income tax expense.

**Compensated Absences**

The Board of Directors of the School grants all contracted employees of the School a total of five (5) days of sick pay and three (3) personal days per year, pro-rated based on date of hire. Sick leave is reimbursed at a rate of \$100 per unused day at the end of each fiscal year. Personal days may be accumulated from year to year, not to exceed 5 days. Upon retirement and/or death, an employee will be paid any unused sick pay and personal days. At June 30, 2018, the School had no accrued compensated absences.

**Concentrations of Risk**

The School received 43% of its revenues for the year ended June 30, 2018, from the State of Louisiana and OPSB, subject to its charter agreement with the State.

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be recovered. The School periodically maintains cash in one financial institution located in northern Louisiana in excess of insured limits. The School has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

**Advertising**

Advertising costs, which are included in general and administrative expenses, are expensed as incurred.

**Reversionary Interest in Funds and Assets**

All funds received from the Louisiana Department of Education, United States Department of Education, or other state or federal agency are funds earned by the School to be used for the purpose for which they were acquired. Those agencies, however, have a reversionary interest in those funds, as well as any assets acquired with those funds. Should the charter agreement not be renewed, those funds and assets will transfer to the appropriate agency.

Notes to Financial Statements

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements**

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount to which an entity expects to be entitled when products are transferred to customers. ASU 2014-09 will be effective for nonpublic organizations for annual reporting periods beginning after December 15, 2018, though early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. Management is currently evaluating the impact of adopting this new guidance on its financial statements and does not expect the impact to be significant.

In January 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires that a lessee recognize the assets and liabilities that arise from leases classified as finance or operating. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. ASU 2016-02 is effective for financial statements issued for annual periods beginning after December 15, 2019. Management is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. Management is currently evaluating the impact the adoption of this guidance will have on its financial statements.

**Note 2. Cash**

The School's cash (book balances) at June 30, 2018, was \$62,314, which is stated at cost and approximates market.

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 3. Grants Receivable**

As of June 30, 2018, grants receivable consisted of amounts due from the following sources:

<b>Grants</b>	<b>Amount</b>
Charter School Program	\$ 212,383
Title I	18,024
Other	4,381
Education Excellence Fund	2,296
Title IV	518
Title II	245
<b>Total</b>	<b><u>\$ 237,847</u></b>

All amounts listed above are considered fully collectible.

**Note 4. Accrued Expenses**

Accrued expenses as of June 30, 2018, were as follows:

Accrued Employee Benefits and Payroll Taxes	<b><u>\$ 13,210</u></b>
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**Note 5. Retirement Plan**

The School sponsors a 403(b) plan for all eligible employees. Eligible employees are vested upon completing one (1) year of service with the School. Eligible employees may contribute up to the maximum allowed by the IRS. The School matches 100% of all eligible employee contributions up to a maximum of 3% of the eligible employee's compensation. The School match for the year ended June 30, 2018, totaled \$6,632.

**Note 6. School Facilities Operating Lease**

Effective July 1, 2017, the School entered into an agreement with the OPSB, which allows the School to use the facilities and its contents located at 709 Park Boulevard, New Orleans, Louisiana, or any other locations as may be approved by the School and the OPSB. The agreement terminates on June 30, 2021.

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. Improvements made to the facilities become property of the OPSB.

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA**

**Notes to Financial Statements**

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**Note 6. School Facilities Operating Lease (Continued)**

Use of the property is not recorded as an in-kind contribution from the OPSB, nor as a related rent expense. The value of the use of the land and building is not readily determinable. The agreement is classified as an exchange transaction because 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 7. Subsequent Events**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 24, 2018, and determined that no events occurred that require disclosure.

No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SCHEDULES REQUIRED BY LOUISIANA STATE LAW  
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

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

To the Board of Directors  
Elan Academy Charter School  
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by Elan Academy Charter School (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, 2018, 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 24:514-1. 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.

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 Revenue
  - 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 to the School's supporting payroll records as of October 1<sup>st</sup>.
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.
4. We obtained a list of principals, assistant principals, and full time teachers by classification as of October 1<sup>st</sup>, and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

#### Findings:

For one teacher selected, the educational level reported could not be substantiated.

### 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 and/or the National School Lunch Program (CFDA 10.555) application.

#### Findings:

None

### Experience of Public Principals, Assistant 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<sup>st</sup> 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 list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status, as well as full time equivalents 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.
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 10 classes to the October 1<sup>st</sup> roll books for those classes and determined if the class was properly classified on the schedule.

Findings:

None

Louisiana Educational Assessment Program (LEAP) - ELA and Math (Schedule 7)

10. The LEAP was not administered by the School for the 2017 - 2018 school year. This schedule is not applicable.

Graduation Exit Exam (Schedule 8)

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

Louisiana Educational Assessment Program (LEAP) - Science and Social Studies (Schedule 9)

12. The LEAP was not administered by the School for the 2017 - 2018 school year. This schedule is not applicable.

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 the School, as required by Louisiana Revised Statue 24:514.1, 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
September 24, 2018

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedules Required by Louisiana State Law  
(R.S. 24:514 - Performance and Statistical Data)  
As of and For the Year Ended June 30, 2018**

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

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

**Schedule 2 - Education Levels of Public School Staff**

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

**Schedule 3 - Number and Type of Public Schools**

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

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

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

**Schedule 5 - Public School Staff Data: Average Salaries**

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

**Schedule 6 - Class Size Characteristics**

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1 - 20, 21 - 26, 27 - 33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

**Schedule 7 - Louisiana Educational Assessment Program (LEAP) - ELA and Math**

This schedule represents student performance testing data and includes summary scores for grades 3, 4, 5, 6, 7, and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**Schedule 8 - Graduation Exit Exam**

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

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedules Required by Louisiana State Law  
(R.S. 24:514 - Performance and Statistical Data) (Continued)  
As of and For the Year Ended June 30, 2018**

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**Schedule 9 - Louisiana Educational Assessment Program (LEAP) - Science and Social Studies**

This schedule represents student performance testing data and includes a summary score for grades 3, 4, 5, 6, 7, and 8. The summary score reported is the Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the State. This schedule includes three years of data.

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2018**

**Schedule 1**

<u>General Fund Instructional and Equipment Expenditures</u>	
General Fund Instructional Expenditures	
Teacher and Student Interaction Activities	
Classroom Teacher Salaries	\$ 207,350
Other Instructional Staff Salaries	29,946
Instructional Staff Employee Benefits	45,597
Purchased Professional and Technical Services	40,052
Instructional Materials and Supplies	30,608
Instructional Equipment	<u>44,933</u>
<b>Total Teacher and Student Interaction Activities</b>	<b>\$ 398,486</b>
Other Instructional Activities	-
Pupil Support Services	-
Less: Equipment for Pupil Support Services	<u>-</u>
<b>Net Pupil Support Services</b>	<b>-</b>
Instructional Staff Services	-
Less: Equipment for Instructional Staff Services	<u>-</u>
<b>Net Instructional Staff Services</b>	<b>-</b>
School Administration	297,400
Less: Equipment for School Administration	<u>2,852</u>
<b>Net School Administration</b>	<b><u>294,548</u></b>
<b>Total General Fund Instructional Expenditures</b>	<b><u>\$ 693,034</u></b>
<b>Total General Fund Equipment Expenditures</b>	<b><u>\$ 47,785</u></b>
<u>Certain Local Revenue Sources</u>	
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	<u>-</u>
<b>Total Local Taxation Revenue</b>	<b><u>\$ -</u></b>
Local Earnings on Investment in Real Property	
Earnings from 16 <sup>th</sup> Section Property	\$ -
Earnings from Other Real Property	<u>-</u>
<b>Total Local Earnings on Investment in Real Property</b>	<b><u>\$ -</u></b>
State Revenue in Lieu of Taxes	
Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u>-</u>
<b>Total State Revenue in Lieu of Taxes</b>	<b><u>\$ -</u></b>
Nonpublic Textbook Revenue	<u>\$ -</u>
Nonpublic Transportation Revenue	<u>\$ -</u>

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

**ELAN ACADEMY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Education Levels of Public School Staff  
 As of October 1, 2017**

**Schedule 2**

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 Degree								
Bachelor's Degree	2	100%	2	50%				
Master's Degree			2	50%			1	100%
Master's Degree +30								
Specialist in Education								
Ph. D. or Ed. D.								
<b>Total</b>	<b>2</b>	<b>100%</b>	<b>4</b>	<b>100%</b>			<b>1</b>	<b>100%</b>

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

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Number and Type of Public Schools  
For the Year Ended June 30, 2018**

**Schedule 3**

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

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

**ELAN ACADEMY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Experience of Public Principals, Assistant Principals,  
 and Full Time Classroom Teachers  
 As of October 1, 2017**

**Schedule 4**

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

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

**ELAN ACADEMY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Public School Staff Data: Average Salaries  
 For the Year Ended June 30, 2018**

**Schedule 5**

	<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>	\$46,068	\$46,068
<b>Average Classroom Teachers' Salary Excluding Extra Compensation</b>	\$44,109	\$44,109
<b>Number of Teacher Full Time Equivalents (FTEs) Used in Computation of Average Salaries</b>	5.93	5.93

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

**ELAN ACADEMY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Class Size Characteristics  
 As of October 1, 2017**

**Schedule 6**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	68%	15			32%	7		
Elementary Activity Classes	50%	1	50%	1				

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

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Louisiana Educational Assessment Program (LEAP) -  
ELA and Math  
For the Year Ended June 30, 2018**

**Schedule 7**

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The LEAP was not administered by the School for the 2017 - 2018 school year. This schedule is not applicable.

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

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Graduation Exit Exam (GEE)  
For the Year Ended June 30, 2018**

**Schedule 8**

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

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

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Louisiana Educational Assessment Program (LEAP) -  
Science and Social Studies  
For the Year Ended June 30, 2018**

**Schedule 9**

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The LEAP was not administered by the School for the 2017 - 2018 school year. This schedule is not applicable.

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

## **SUPPLEMENTARY INFORMATION**

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Board of Directors  
For the Year Ended June 30, 2018**

<b>Board Members</b>	<b>Compensation</b>
Mr. Darren Patin, Board Chair	\$-0-
Mr. Daniel Willeman, Vice-Chair	\$-0-
Ms. Alexandra Margetta, Treasurer	\$-0-
Mr. Todd Taylor, Secretary	\$-0-
Mrs. Kim Davis	\$-0-
Ms. Tanya Dix	\$-0-
Ms. Angela Jordan	\$-0-
Ms. Kheri Phillip	\$-0-

See independent auditor's report.

**ELAN ACADEMY CHARTER SCHOOL  
 NEW ORLEANS, LOUISIANA  
 Schedule of Compensation, Benefits, and Other Payments  
 to Agency Head  
 For the Year Ended June 30, 2018**

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**Agency Head**  
 Melanie Askew, Head of School

<b>Purpose</b>	<b>Amount</b>
Salary	\$96,000
Bonus	\$5,000
Benefits - Retirement	\$6,017
Benefits - Insurance	\$2,070
Contract Agreement	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$1,555
Travel	\$500
Registration Fees	\$150
Conference Travel	\$500
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Meals	\$0

See independent auditor's report.

**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**

Independent Auditor's Report

To the Board of Directors  
Elan Academy Charter School  
New Orleans, Louisiana

We have audited, 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, the financial statements of Elan Academy Charter School (the School), which comprise the statement of financial position as of June 30, 2018, 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 September 24, 2018.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting 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 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "LaPorte".

A Professional Accounting Corporation

Covington, LA  
September 24, 2018

**ELAN ACADEMY CHARTER SCHOOL  
NEW ORLEANS, LOUISIANA  
Schedule of Findings and Responses  
For the Year Ended June 30, 2018**

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**Part I. Summary of Auditor's Results**

Financial Statements

- |  |            |
|--|------------|
| 1) Type of auditor's report  | Unmodified |
| 2) Internal control over financial reporting and compliance and other matters: |            |
| a) Material weaknesses identified?   | No         |
| b) Significant deficiencies identified?  | No         |
| c) Noncompliance material to the financial statements noted?                   | No         |

Federal Awards

Not applicable.

**Part II. Findings Related to the Financial Statements**

None.

**Part III. Federal Award Findings**

Not applicable.

**Part IV. Prior Year Findings**

None.

## AGREED-UPON PROCEDURES REPORT

Elan Academy Charter School

Independent Accountant's Report  
on Applying Agreed-Upon Procedures

**For the Period of July 1, 2017 - June 30, 2018**

To Elan Academy Charter School and the  
Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by Elan Academy Charter School (Elan) 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 year July 1, 2017 through June 30, 2018. Elan's management is responsible for those C/C areas identified in the SAUPs. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

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

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1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statutes 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: Elan's policies and procedures did not address how vendors are added to the system for purchasing. All other functions were addressed in Elan's policies. Functions that were determined to not be applicable were items i) Ethics and j) Debt Service.

Management's Response: Elan will amend its policies to include how vendors are added to the system.

### ***Board or Finance Committee***

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

Results: During the fiscal year, Elan's board met eleven times with a quorum. The board minutes included financial updates which included budget to actual comparisons and other non-budgetary items. Test 2(c) was determined to not be applicable as Elan is not a governmental entity.

### **Bank Reconciliations**

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3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: For the accounts selected, all monthly bank reconciliations were prepared timely. Bank reconciliations did not include evidence that a member of management or a board member with no involvement in the transactions associated with the bank account had reviewed each reconciliation. There were no reconciling items that have been outstanding for more than 6 months.

Management's Response: Elan will amend its bank reconciliation procedures to include a review of the bank reconciliation by a board member.

### **Collections**

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

Results: We obtained management's representation that the listing provided is complete.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
  - a) Employees that are responsible for cash collections do not share cash drawers/registers.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results: We noted one cash collection location and deposit site, the primary campus location. We noted that the employee responsible for collecting cash also brings the deposit to the bank. We noted that the employee responsible for collecting cash does not record the transaction or reconcile the bank account. We noted that Elan does not have any formal cash registers or drawers.

Elan has a formal process to reconcile cash collections to the general ledger, primarily through bank reconciliations performed by a person who is not responsible for cash collections.

Management's Response: The School's Director of Operations will collect and log all cash received and the School's Head of School will make all deposits.

- 6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Results: We noted that all employees, including those responsible for collecting cash, are insured through a commercial crime policy.

- 7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
  - a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

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

Results: As Elan is a charter school, its major sources of revenues are monthly Minimum Foundation Program payments and grant reimbursements. Elan receives all such public funds via ACH transfer. Elan noted no public funds that were received as cash during the fiscal year. As such, there were no transactions selected for testing.

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

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

Results: We obtained management's representation that the listing provided is complete.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results: We noted that most purchases are initiated and approved by the same employee, either the Head of School or the Director of Operations, unless certain quantitative thresholds are met which would require board review.

We noted no employees with signatory authority that were also able to add vendors to the accounting system.

We noted that the person who processes payments and stamps checks with signatures, the agent of the outsourced accounting firm, is also responsible for adding vendors to the system.

We noted that blank check stock is maintained in the locked office of the outsourced accounting firm and that emergency manual checks are maintained in the locked office of an authorized signor.

Management's Response: The roles of initiating and approving purchases will be segregated. The School's Director of Operations will initiate most, if not all, purchases and the Head of School will approve most, if not all, purchases.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- Observe that the disbursement matched the related original invoice/billing statement.
  - Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results: We obtained management's representation that the listing provided is complete.

For all 5 disbursements sampled, initiation and approval was performed by using annotations within an online portal, which included evidence of the initiator, approver, and related supporting documentation. All 5 disbursements included an invoice/billing statement. All 5 disbursements were approved by the person who initiated the purchase.

Management's Response: The roles of initiating and approving purchases will be segregated. The School's Director of Operations will initiate most, if not all, purchases and the Head of School will approve most, if not all, purchases.

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

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

Results: We obtained management's representation that the listing provided is complete.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
- Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
  - Observe that finance charges and late fees were not assessed on the selected statements.

Results: We noted that the monthly statement tested had supporting documentation evidencing review and approval by the Director of Operations, who is an authorized card holder. The statement tested included activity for the Head of School and the Director of Operations.

We noted no finance charges or late payments on the statement tested.

Management's Response: Elan will ensure all credit card statements include written evidence that it was reviewed and approved by someone other than the authorized card holder.

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

Results: We noted that one (1) of the thirty (30) transactions selected was not supported by an original itemized receipt, a documented business purpose, nor documentation of the individuals participating in the meal.

Management's Response: Elan will ensure going forward that all credit card purchases have supporting documentation, itemized listing of attendees, and the business purpose documented.

#### **Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: We obtained management's representation that the listing provided is complete.

We noted no reimbursement requests with per diem. We noted no exceptions in comparing the expense reimbursement transaction sampled to policy.

We noted that the transaction sampled was supported by an original itemized receipt and documentation of a business/public purpose.

We noted that the transaction sampled was reviewed and approved by someone other than the person receiving the reimbursement.

## ***Contracts***

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

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

Results: We obtained management's representation that the listing provided is complete.

We noted that contracts selected were not subject to the Louisiana Public Bid Law or Procurement Code.

We noted the contracts we selected required board approval and were reviewed and approved by the board during board meetings.

We noted that contracts selected included no amendments/change orders.

We noted a formal/written contract existed for all sampled contracts.

We noted that the payment selected from each contract agreed to the supporting invoice and contract terms.

## ***Payroll and Personnel***

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

Results: We obtained management's representation that the listing provided is complete.

We noted that compensation and incentives paid to each employee sampled was in accordance with their employment contract and pay rate structure.

We noted that there were no changes to pay rates/salaries during the fiscal period.

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Results: All individuals selected for testing were teachers and school administrators. Due to the nature of the positions, attendance is assumed unless leave is requested and approved. We noted that leave for each employee sampled was documented in an Excel spreadsheet maintained by the Director of Operations.

We noted there was written documentation that supervisors approved, in writing, the attendance and leave of the selected employees by approving the payroll register for the pay period.

We noted that there is written documentation that Elan maintained written leave records on those selected employees that earn leave.

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

Results: We obtained management's representation that the listing provided is complete.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Results: We obtained management's representation that the appropriate employee and employer portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid and were submitted to the applicable agencies by the required deadlines.

## ***Ethics***

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20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

Results: This section is not applicable as Elan is a nonprofit.

### ***Debt Service***

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

Results: This section is not applicable as Elan is a nonprofit.

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

Results: This section is not applicable as Elan is a nonprofit.

### ***Other***

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

Results: We obtained management's representation that the listing provided is complete.

We noted no instances of misappropriation of public funds or assets, per inquiry with management and the board president.

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

Results: We noted the LLA hotline notice per LRS 24:523.1 posted on Elan's website and on its premises.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to 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 testing performed on those C/C areas identified in the SAUPs, and the results 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.

A handwritten signature in cursive script that reads "LaForte".

A Professional Accounting Corporation

Covington, LA  
September 24, 2018