

**BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL**

FINANCIAL REPORT

JUNE 30, 2018

**BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL**

**FINANCIAL STATEMENTS
JUNE 30, 2018
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INDEPENDENT AUDITOR'S REPORT

Board of Directors of the
Beekman Alumni and Friends, Inc.
dba Beekman Charter School
15190 A M Baker Road
Bastrop, Louisiana 71220

Report on the Financial Statements

I have audited the accompanying financial statements of Beekman Alumni and Friends, Inc., DBA Beekman Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this 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

My responsibility is to express opinions on these financial statements based on my audits. I conducted my audits 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Beekman Charter School as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits, and Other Payments is presented for purposes of additional analysis and is 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 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

My audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Performance and Statistical Data included as Schedules 1 through 2, as required by Louisiana Revised Statute 24:514, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, I do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated November 15, 2018, on my consideration of the Beekman Charter School's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Beekman Charter School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Beekman Charter School's internal control over financial reporting and compliance.



Don M. McGehee
Certified Public Accountant
November 15, 2018

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,000,498	\$ 1,565,101
Investments	14,465	7,188
Grant Receivables	21,222	0
Unconditional Promises to Give-		
Restricted to Current Portion of Long-Term Debt	1,729	1,729
Prepaid Expense	29,335	8,768
Interest Receivable	<u>2,008</u>	<u>1,983</u>
TOTAL CURRENT ASSETS	<u>2,069,257</u>	<u>1,584,769</u>
RESTRICTED CASH AND INVESTMENTS		
Cash	170,997	113,547
Investments	<u>575,000</u>	<u>575,000</u>
TOTAL RESTRICTED CASH AND INVESTMENTS	<u>745,997</u>	<u>688,547</u>
LONG-TERM UNCONDITIONAL PROMISES TO GIVE		
Restricted to Payment of Long-Term Debt	3,836	5,565
PROPERTY, PLANT AND EQUIPMENT - NET	<u>2,433,877</u>	<u>1,396,836</u>
TOTAL ASSETS	<u>\$ 5,252,967</u>	<u>\$ 3,675,717</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 227,612	\$ 55,067
Accrued Payroll and Related Amounts	961,306	681,713
Contract Payable	0	15,844
Current Portion of Long-Term Debt	288,184	111,360
Accrued Interest Payable	717	371
Current Portion of Compensated Absences	<u>40,567</u>	<u>41,656</u>
TOTAL CURRENT LIABILITIES	<u>1,518,386</u>	<u>906,011</u>
LONG-TERM DEBT (Less Current Portion)	490,806	416,290
COMPENSATED ABSENCES LIABILITY	<u>196,938</u>	<u>141,802</u>
TOTAL LIABILITIES	<u>2,206,130</u>	<u>1,464,103</u>
NET ASSETS		
Unrestricted		
Designated by the Board for Loan Collateral	575,000	575,000
Undesignated	2,295,275	1,515,773
Temporarily Restricted	<u>176,562</u>	<u>120,841</u>
TOTAL NET ASSETS	<u>3,046,837</u>	<u>2,211,614</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,252,967</u>	<u>\$ 3,675,717</u>

See accompanying notes to financial statements.

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CHANGES IN UNRESTRICTED NET ASSETS:		
SUPPORT AND REVENUES		
Grants		
State Minimum Foundation Program	\$ 5,902,696	\$ 5,511,614
Local Minimum Foundation Program	2,794,192	2,381,592
Federal Grant	8,816	0
Food Service Revenue	84,800	100,040
Student Activity Revenue	133,225	120,617
Sale of School Uniforms	28,565	30,429
Contributions	619	43,022
Fee Revenue	1,240	11,186
Interest Income	7,302	7,226
Other	0	5,706
TOTAL REVENUES	8,961,455	8,211,432
Net Assets Released from Restrictions	1,729	0
TOTAL REVENUES AND OTHER CHANGES	8,963,184	8,211,432
EXPENSES		
Program Services		
Instruction		
Regular Education Programs	4,479,582	3,944,832
Special Education Programs	348,200	315,388
Career and Technical Education Programs	120,118	122,902
Other Programs	318,333	339,994
Special Programs	97,682	96,035
Pupil Support Services	202,136	254,298
Instructional Staff Services	172,177	156,148
Operation and Maintenance of Plant Services	763,074	683,702
Student Transportation Services	629,005	577,821
Management and General		
General Administration	283,228	271,174
School Administration	440,104	506,916
Business Services	185,772	174,025
Central Services	125,906	91,720
Fundraising	100	0
Cost of School Uniforms Sold	18,266	17,961
TOTAL EXPENSES	8,183,683	7,552,916
CHANGE IN UNRESTRICTED NET ASSETS	779,501	658,516
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:		
School Activity Funds	36,215	2,893
Contributions for Scholarships	21,236	13,413
Contribution for Payment of Long-Term Debt	0	7,294
Net Assets Released from Restrictions	(1,729)	0
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	55,722	23,600
CHANGE IN NET ASSETS	835,223	682,116
NET ASSETS - BEGINNING OF YEAR	2,211,614	1,529,498
NET ASSETS - END OF YEAR	\$ 3,046,837	\$ 2,211,614

See accompanying notes to financial statements.

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Government and Others	\$ 8,992,112	\$ 8,220,512
Cash Payments for Goods and Services	(3,690,017)	(3,685,461)
Cash Payments to Employees	(3,962,846)	(3,694,788)
Interest Received	7,278	7,201
Interest Paid	<u>(18,566)</u>	<u>56</u>
Net Cash Provided by Operating Activities	<u>1,327,961</u>	<u>847,520</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(212,212)	(288,617)
Construction of Building and Stadium	(856,932)	(850,942)
Interest Paid on Construction Loan	(10,032)	(12,951)
Purchase of Investments	<u>(7,278)</u>	<u>(7,188)</u>
Net Cash Used by Investing Activities	<u>(1,086,454)</u>	<u>(1,159,698)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loans	455,698	447,192
Principal Payments on Long-Term Debt	<u>(204,358)</u>	<u>(19,389)</u>
Net Cash Provided by Financing Activities	<u>251,340</u>	<u>427,803</u>
NET INCREASE IN CASH	492,847	115,625
CASH AT BEGINNING OF YEAR	<u>1,678,648</u>	<u>1,563,023</u>
CASH AT END OF YEAR	<u>\$ 2,171,495</u>	<u>\$ 1,678,648</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in Net Assets	\$ 835,223	\$ 682,116
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	42,135	36,367
(Increase) Decrease in Grant Receivables	(21,222)	0
(Increase) Decrease in Promises to Give	1,729	(7,294)
(Increase) Decrease in Interest Receivable	(25)	(25)
(Increase) Decrease in Prepaid Expenses	(20,566)	(8,768)
Increase (Decrease) in Accounts Payable	172,545	10,137
Increase (Decrease) in Accrued Liabilities	250,505	29,419
Increase (Decrease) in Contracts Payable	(15,844)	15,844
Increase (Decrease) in Accrued Interest Payable	346	371
Increase (Decrease) in Salaries Payable	29,088	68,609
Increase (Decrease) in Compensated Absences	<u>54,047</u>	<u>20,744</u>
Total Adjustments	<u>492,738</u>	<u>165,404</u>
Net Cash Provided by Operating Activities	<u>\$ 1,327,961</u>	<u>\$ 847,520</u>
CASH PER STATEMENT OF FINANCIAL POSITION:		
Current Cash	\$ 2,000,498	\$ 1,565,101
Restricted Cash	<u>170,997</u>	<u>113,547</u>
Total Cash at End of Year	<u>\$ 2,171,495</u>	<u>\$ 1,678,648</u>

See accompanying notes to financial statements.

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Beekman Alumni and Friends, Inc., was incorporated on May 29, 2012, under the provisions of Title 12, Chapter 1, 2, and 3, of the Louisiana Revised Statutes. On May 9, 2013, the State of Louisiana approved their application for the trade name Beekman Charter School (the "School"). The School is exclusively for educational purposes with respect to operating Beekman Charter School in Morehouse Parish, Louisiana. The School is supported primarily through the Minimum Foundation Program (MFP) funded by the State of Louisiana and the Morehouse Parish School Board. This support is based on the number of eligible students in attendance on the School's official pupil count day each year. The MFP revenue for the year ended June 30, 2018, accounts for 96% of the School's total support.

The Morehouse Parish School Board (MPSB) approved the granting of a charter to the School effective July 1, 2013, for a period of five years contingent upon an evaluation following the third year of operation based on site visits, annual performance reports, and any information MPSB deemed relevant and necessary as provided in Louisiana R.S. 17:3992 and 3998(A)(2), pursuant to MPSB policy and BESE Bulletin 126. Terms of the approval also provided the charter contract may be renewed at the discretion of MPSB at the expiration of the initial five year term, June 30, 2018, pursuant to applicable provisions of Title 17, Chapter 42, of the Louisiana Revised Statutes and MPSB and BESE policy. MPSB renewed and extended the charter for a period of ten years, through June 30, 2028. The School is a Type 3 Charter School, as defined in Louisiana R.S. 17:3973(3)(b).

The School files an information return for organizations exempt from Federal Income tax under the provisions of section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity. If the School loses the exempt status, any income in future years could be taxed at normal corporate rates.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the School are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Income is recognized when earned and expenses are recognized when incurred.

FINANCIAL STATEMENT PRESENTATION

The School follows the guidance of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the School is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted Net Assets - Net assets not subject to donor-imposed restrictions. Some unrestricted net assets may be designated by the board of directors of the School for specific purposes.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions that will be met by the actions of the School or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed restrictions that are required to be maintained permanently by the School. Generally, the donors of these assets permit the School to use all or part of the income earned on these assets for general or specific purposes.

USE OF ESTIMATES

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

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND INVESTMENTS

Cash, which is held in interest bearing and non-interest bearing demand deposit accounts, consisted 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. Investments were certificates of deposit, which were being held as collateral for a loan.

The School classifies all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

RECEIVABLES

Receivables are stated at the amount management expects to collect from outstanding balances. Management believes all receivables are collectible and therefore has not recognized a provision for doubtful accounts. The school received government grants to fund programs and operations. The grants are reimbursement based and grants receivable at the year end are stated at unpaid balances for expenditures incurred during the year.

CONTRIBUTION AND REVENUE RECOGNITION

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenues from federal and state grants are recorded when the School has a right to reimbursement under the grant, generally corresponding to the incurring of grant related costs of the School, or when earned under the terms of the grants. An accrual is made when eligible expenses are incurred.

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State of Louisiana Public School Fund (the State) and the Morehouse Parish School Board (MPSB). The funding the School receives is determined on an annual basis based on the number of pupils enrolled as of October 1st of each year. The State funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. The MPSB's funded per pupil allocation from sales tax revenues, ad valorem taxes, and other sources is determined by the relationship of the number of pupils in the School versus total pupils in the MPSB's system.

PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The School uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT, AND EQUIPMENT

Acquisitions of property, plant, and equipment in excess of \$5,000 are capitalized. Property, plant, and equipment are stated at cost. Assets donated are carried at the fair market value on the date of the donation, net of accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful life of the asset or for leasehold improvements the shorter of the estimated useful life or of the lease term. Interest incurred during the construction period is reflected in the capitalized value of the asset constructed.

PREPAID INSURANCE

Payments made to insurance companies for insurance coverage beyond the current accounting period are recorded as prepaid items in the asset section of the balance sheet.

INCOME TAXES

The School's Forms 990, Return of Organization Exempt from Income Tax, for the year ending in 2017, 2016, and 2015 were filed with the Internal Revenue Service. As of November 15, 2018, the School had not filed its 2018 tax return. The School's tax filings are subject to examination by the IRS, generally for three years after they are filed.

COMPENSATED ABSENCES

All twelve month employees can earn a maximum of twelve days of vacation leave each year, at a rate of one day per month awarded in six month intervals. Vacation can be accumulated up to ten days per year limited to a maximum of twenty-two days. Accumulated or vested benefits relating to vacation leave are accrued at year end. At June 30, 2018 and 2017, the School had compensated absences of \$13,838 and \$15,994, respectively, related to vacation leave, which is reported as a liability in the Statement of Financial Position combined with sick leave, as noted below.

All twelve month employees earn twelve days of sick leave each year, of which two days can be used for personal leave. Nine month employees also earn twelve days of sick leave each year with two available for personal leave. Sick leave can be accumulated up to 25 days. Upon retirement or death, unused accumulated sick leave or up to 25 days is paid to the employee or to the employee's estate at the employee's current rate of pay. Under the Louisiana Teachers' Retirement System and the Louisiana School Employees' Retirement System, all unpaid sick leave is used in the retirement benefit computation as earned service.

Compensated absences are accrued as a liability when the employees' right to receive compensation is attributable to service already rendered, the compensation rights vest or accumulate, the compensation payment is probable, and the amount can be reasonably estimated. Based on this criteria, the School accrues earned sick leave for those employees who currently are eligible to receive termination payments, as well as other employees who have at least ten years of service. At June 30, 2018, the School accrued \$223,667 as compensated absences related to sick leave, which is reported as a liability in the Statement of Financial Position combined with vacation leave of \$13,838 for a total of \$237,505, of which the current portion was determined to be \$40,567.

NOTE 2 - CASH AND INVESTMENTS

At June 30, 2018 and 2017, the carrying amount of cash and investments was \$2,760,960 and \$2,260,836, respectively, which approximates market value. The School's bank balances per the banks totaled \$2,947,284 and \$2,642,521, respectively. The School's bank balances at June 30, 2018 and 2017 were collateralized by Federal Depository Insurance of \$252,792 and \$253,407, respectively, with \$2,694,492 and \$2,389,114, respectively, uncollateralized.

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 3 - PROMISES TO GIVE

During the year ended June 30, 2017, the School received an unconditional promise to give restricted to the payment of debt incurred to purchase a sign. The unconditional promise to give at June 30th is as follows:

	2018	2017
Gross Unconditional Promises to Give		
Restricted to payment of long-term debt	\$ 5,964	\$ 7,952
Less: Unamortized discount	(399)	(658)
Net unconditional promises to give	\$ 5,565	\$ 7,294
Amounts due in:		
Less than one year	\$ 1,988	
One to five years	3,976	
	\$ 5,964	

Unconditional promises to give due in more than one year are recognized at fair value using present value techniques and a discount rate of 3.5%.

Uncollectible amounts for this unconditional promise to give are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts.

NOTE 4 - PROPERTY, PLANT, AND EQUIPMENT

Effective July 1, 2013, the School entered into an agreement with the Morehouse Parish School Board (MPSB), allowing the School to use the MPSB's facilities and contents located at 15190 A.M. Baker Road, Bastrop, Louisiana 71220. The agreement expired June 30, 2018, but the MPSB granted an extension for an additional ten years through June 30, 2028. The School pays an annual lease of \$1,200 according to the agreement. 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.

Any use of the property that would be considered donated is not recorded as an in-kind contribution from the MPSB. The value of the property 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.

Any assets acquired by the School are the property of the School for the duration of their charter agreement with the Morehouse Parish School Board. If the charter is revoked or surrendered or the school otherwise ceases to operate, all assets purchased with public funds shall automatically revert to full ownership by the Morehouse Parish School Board. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

The School completed construction of a stadium during the year ended June 30, 2018 and capitalized the costs in fixed assets. Costs incurred in years prior to the year ended June 30, 2018 were recorded as construction in progress. The construction of new classrooms by Morehouse Parish School Board, with some funds contributed by the School, were also completed during the year ended June 30, 2018.

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - PROPERTY, PLANT, AND EQUIPMENT (CONTINUED)

Interest incurred of \$10,032 during the construction of a fixed asset is capitalized in the cost of the asset constructed.

There were some asset acquisitions by the School which have met or exceeded the School's \$5,000 capitalization policy, and leasehold improvements which were amortized over the term of the lease, as shown below:

<u>CLASS</u>	<u>DEPRECIATION LIFE RANGE</u>	<u>2018</u>	<u>2017</u>
Leasehold Improvements	2 - 10 Yrs.	\$ 516,646	\$ 490,465
Buildings	40 Yrs.	1,791,552	0
Equipment	5 - 12 Yrs.	<u>392,107</u>	<u>98,652</u>
Total		2,700,305	589,117
Less: Accumulated Amortization and Depreciation		(311,389)	(269,255)
Land		44,961	44,961
Construction In Progress		<u>0</u>	<u>1,032,013</u>
Net Fixed Assets		<u>\$ 2,433,877</u>	<u>\$ 1,396,836</u>

NOTE 5 - TEMPORARY RESTRICTIONS ON NET ASSETS

Temporary restrictions on net assets as of June 30, 2018 and 2017 are related to funds raised for student activity funds, scholarship funds, and payment of long-term debt. None of the temporarily restricted net assets at June 30, 2018 or 2017 are time-restricted by donors. Temporarily restricted net assets are available for the following purposes, as of June 30:

	<u>2018</u>	<u>2017</u>
Student Activities Funds	\$ 97,626	\$ 61,412
Scholarship Funds	73,371	52,135
Payment of Long-Term Debt	<u>5,565</u>	<u>7,294</u>
Total	<u>\$ 176,562</u>	<u>\$ 120,841</u>

NOTE 6 - LONG TERM DEBT

Long term debt at June 30, 2018 is as follows:

	<u>2018</u>	<u>2017</u>
3.5% loan payable to Bancorp South Bank, due in annual installments of \$1,988 with the final payment due May 1, 2021. A donor has pledged to contribute the annual payments due on this loan.	\$ 5,565	\$ 7,294
4.6% loan payable to Bancorp South Bank, approved for \$600,000 with the proceeds being drawn to pay construction costs and other amounts needed. The note is due in monthly installments of \$11,230 (including principal and interest) beginning on February 28, 2018.	128,181	0
3.25% note payable to the Bancorp South Bank, approved for \$575,000 with proceeds being drawn to pay construction costs. The note is due in monthly installments of \$10,408 (including principal and interest) beginning May, 2017, collateralized by a certificate of deposit in the amount of \$575,000.	449,237	520,356

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 6 - LONG TERM DEBT (continued)

	<u>2018</u>	<u>2017</u>
2.3% note payable to Louisiana Public Facilities Authority, due in 60 monthly installments of \$4,198 (including principal and interest) to July, 2022, secured by revenues.	196,007	0
Total Long Term Debt	778,990	527,650
Less: Current Maturities	(288,184)	(111,360)
Long Term Debt, Net of Current Maturities	\$ 490,806	\$ 416,290

The annual debt service requirements to maturity for all debt outstanding as of June 30, 2018, is as follows:

	Bancorp Loans		Louisiana Public Facility Authority Loan		Total
	Principal	Interest	Principal	Interest	
2019	\$ 241,891	\$ 15,568	\$ 46,293	4,079	307,831
2020	117,478	9,411	47,377	2,995	177,261
2021	121,382	5,507	48,502	1,871	177,262
2022	102,232	1,529	53,835	728	158,324
Totals	\$ 582,983	\$ 32,015	\$ 196,007	\$ 9,673	\$ 820,678

Interest expense on long-term debt for the year ending June 30, 2018 and 2017 was \$28,676 (of which \$10,032 was capitalized as part of a construction project) and \$13,321 (of which \$13,321 was capitalized), respectively.

The School recorded contribution revenue and interest expense of \$259 for interest paid by a donor for the year ended June 30, 2018, related to one of the Bancorp South notes payable.

NOTE 7 - RETIREMENT PLANS

Substantially all full-time employees of the School participate in the Teachers' Retirement System of Louisiana ("TRSL"). The TRSL is a cost sharing, multiple-employer defined benefit plan. This plan provides retirement and disability benefits, permanent benefit increases, and death benefits to plan members and beneficiaries. The TRSL issues publicly available financial reports that include financial statements and required supplementary information for the TRSL. The report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123 or on the website www.trsl.org.

The risks of participating in a multiemployer plan is different from single employer plans. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. If the School chooses to stop participating it may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

TRSL is a component unit of the State of Louisiana and presents its financial information based on Governmental Accounting Standards. According to the financial report for the year ending June 30, 2017 (the most recent available), the actuarial funded ratio for funding purposes was 64.5% compared to 62.4% for 2016. TRSL had 203 employers participating in the plan with the School's employer allocation percentage at .07841%.

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7 - RETIREMENT PLANS (continued)

Participants in TRSL vest immediately in employee contributions to the plans. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. For the year ended June 30, 2018 and 2017, participants were required to contribute 8% of their annual covered payroll to the plan and the School was required to contribute 26.6% and 25.5%, respectively, of the annual covered payroll for each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the year ended June 30, 2018 and 2017, the School contributions to this plan were \$996,194 and \$906,965, respectively, equal to the required contributions for the year.

NOTE 8 - CONTRACT PAYABLE

As of June 30, 2018, all construction costs and retainage payable on the contract to construct a stadium and other campus athletic improvements had been paid. As of June 30, 2017, all contract requests for payment associated with this project had been paid, but a 5% retainage amount of \$15,844 was outstanding.

NOTE 9 - LEASE AGREEMENTS

The School leases portable classrooms and other buildings to provide adequate space for school operations. The leases include a delivery and installment fee for the buildings, monthly lease payments, and a tear down and return freight charge at the end of the lease. Most of the agreements were for thirty-six monthly lease payments, beginning August 13, 2013, with month to month renewal options at the lease terminations. The School chose to exercise the options to lease the buildings on a month-to-month basis past their initial lease term and plan to continue the leases until the structures are no longer needed, at which time the School will pay tear down and return freight costs on the leased buildings according to the lease agreement. A double classroom was obtained August 22, 2016, which included delivery and installment fees, monthly lease payments on a month-to-month basis, and a tear down and return freight fee at the end of the lease. Two doublewide classrooms were obtained July 10, 2017, which included delivery and installment fees with monthly lease payments on a month-to-month basis. Current year lease expense on these portable buildings was \$86,0888. The future minimum lease payments as of June 30, 2018 were \$25,420.

The School also has a lease agreement with MPSB, as described in Note 4 above.

NOTE 10 - EVALUATION OF SUBSEQUENT EVENTS

The School has evaluated subsequent events through November 15, 2018, the date which the financial statements were available to be issued.

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 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 for the transfer of promised goods or services to customers. The new standard is effective for fiscal years beginning after December 15, 2018, though early adoption is permitted. The new revenue standard may be applied retrospectively as of the date of adoption. Beekman Charter School is currently evaluating the impact of adopting the new revenue standard on its financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." ASU 2016-02 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, which certain practical expedients available. Beekman Charter School is currently evaluating the impact of adopting the new leases 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," with the stated purpose of improving financial reporting by those entities. Among other provisions, this ASU reduces the number of classes of net assets from three to two, requires the presentation of expenses in both natural and functional classifications, and requires additional disclosures concerning liquidity and the availability of financial resources. The new standard is effective for fiscal years beginning after December 15, 2017, and requires the use of the retrospective transition method. Beekman Charter School is currently evaluating the impact of adopting the new leases standard on its financial statements.

OTHER REPORTS AND SCHEDULES

DON M. McGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Drive, Suite A
Ruston, Louisiana 71273-1344

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

Board of Directors of the
Beekman Charter School
15190 A M Baker Road
Bastrop, Louisiana 71220

I 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 Beekman Charter School (a non-profit organization), which comprise the statements of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated November 15, 2018.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Beekman Charter 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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Beekman Charter School's internal control. Accordingly, I do not express an opinion on the effectiveness of the Beekman Charter 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Beekman Charter School's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Beekman Charter 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.



Don M. McGehee
Certified Public Accountant
November 15, 2018

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

I have audited the financial statements of the Beekman Charter School as of and for the year ended June 30, 2018, and have issued my report thereon dated November 15, 2018. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. My audit of the financial statements as of June 30, 2018, resulted in an unqualified opinion.

Summary of Auditor Results

Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Significant Deficiencies Yes No

Compliance

Compliance Material to Financial Statements Yes No

Findings - Financial Statements Audit

Reportable Conditions

No findings.

**BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Findings - Financial Statements Audit

Reportable Conditions

No findings.

**BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2018**

The findings from the Schedule of Findings and Questioned Costs for the year ended June 30, 2018, are discussed below with management's response for a corrective action plan.

Findings - Financial Statements Audit

Reportable Conditions

No findings.

BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
SCHEDULE OF COMPENSATION, BENEFITS AND
OTHER PAYMENTS TO THE BEEKMAN CHARTER SCHOOL
BOARD PRESIDENT AND PRINCIPAL
FOR THE YEAR ENDED JUNE 30, 2018

Beekman Charter School Principal Emily Myrick:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 76,044
Benefits-Retirement	20,228
Benefits-Health Insurance	2,146
Travel	1,213

**PERFORMANCE AND STATISTICAL DATA
SCHEDULES REQUIRED BY STATE LAW**

DON M. McGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Drive, Suite A
Ruston, Louisiana 71273-1344

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

Board of Directors of the
Beekman Charter School
Louisiana Department of Education, and
Louisiana Legislative Auditor

I have performed the procedures enumerated below, which were agreed to by the management of the Beekman Charter School, the Louisiana Department of Education, and the Louisiana Legislative Auditor on the performance and statistical data accompanying the annual financial statements of the Beekman Charter 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 126, in compliance with Louisiana Revised Statute 24:514 I. Management of the Beekman Charter School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I 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.

My procedures and associated findings are as follows:

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

1. I selected a random sample of 25 transactions and reviewed supporting documentation to observe that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on Schedule 1 on page 25:

- 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

No exceptions found.

Class Size Characteristics (Schedule 2)

2. I obtained a list of classes by school, school type, and class size as reported on the schedule. I then traced a sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

No exceptions found.

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

3. I obtained 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 obtained management's representation that the data/listing was complete. I then selected a sample of 25 individuals and traced to each individual's personnel file to observe that each individual's education level and experience was properly classified in the PEP data or equivalent listing prepared by management.

In the sample of 25 individuals selected, the education level and experience were properly classified in the PEP data for 24 individuals with one individual's education level and experience incorrectly classified in the PEP data.

Management's Response: The individual's education level and experience incorrectly classified in the PEP data was incorrectly reported to the business manager. The error was discovered later in the year and corrected.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. I obtained 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 obtained management's representation that the data/listing was complete. I then selected a sample of 25 individuals and traced to each individual's personnel file to 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).

No exceptions found.

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. I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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 Beekman Charter School, as required by Louisiana Revised Statute 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.



Don M. McGehee
Certified Public Accountant
November 15, 2018

**BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
Bastrop, Louisiana
Schedules Required by State Law
(R.S. 24:514 - Performance and Statistical Data)
As of and For the Year Ended June 30, 2018**

**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 - 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.

**BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
Bastrop, Louisiana
General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2018**

Schedule 1

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures:</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 3,129,192	
Other Instructional Staff Activities	157,102	
Instructional Staff Employee Benefits	1,494,934	
Purchased Professional and Technical Services	3,598	
Instructional Materials and Supplies	475,681	
Instructional Equipment	<u>204,099</u>	
Total Teacher and Student Interaction Activities		\$ 5,464,606
Other Instructional Activities		75,741
Pupil Support Services	202,136	
Less: Equipment for Pupil Support Services	<u>0</u>	
Net Pupil Support Services		202,136
Instructional Staff Services	172,177	
Less: Equipment for Instructional Staff Services	<u>0</u>	
Net Instructional Staff Services		172,177
School Administration	440,104	
Less: Equipment for School Administration	<u>0</u>	
Net School Administration		<u>440,104</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 6,354,764</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ 225,034</u>
<u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		0
Renewable Ad Valorem Tax		0
Debt Service Ad Valorem Tax		0
Up to 1% of Collections by Sheriff on Taxes Other than School Taxes		0
Sales and Use Taxes		<u>0</u>
Total Local Taxation Revenue		<u>\$ 0</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		0
Earnings from Other Real Property		<u>0</u>
Total Local Earnings on Investment in Real Property		<u>\$ 0</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing-Constitutional Tax		0
Revenue Sharing-Other Taxes		0
Revenue Sharing-Excess Portion		0
Other Revenue in Lieu of Taxes		<u>0</u>
Total State Revenue in Lieu of Taxes		<u>\$ 0</u>
Nonpublic Textbook Revenue		<u>\$ 0</u>
Nonpublic Transportation Revenue		<u>\$ 0</u>

**BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL
Bastrop, Louisiana
Class Size Characteristics
As of October 1, 2017**

Schedule 2

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination	75.3%	409	21%	114	1.5%	8	2.2%	12
Combination Activity Classes	94.7%	72					5.3%	4

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.

**BEEKMAN ALUMNI AND FRIENDS, INC.
D/B/A BEEKMAN CHARTER SCHOOL**

STATEWIDE AGREED-UPON PROCEDURES

JUNE 30, 2018

DON M. McGEHEE
(A Professional Accounting Corporation)

P.O. Box 1344
205 E. Reynolds Drive, Suite A
Ruston, Louisiana 71273-1344

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

Board of Directors of the Beekman Charter School
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by Beekman Charter 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, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

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

Management provided us with the written policy and procedures and all functions are addressed.

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

Management provided us with the written policy and procedures and all functions are addressed.

c) **Disbursements**, including processing, reviewing, and approving

Management provided us with the written policy and procedures and all functions are addressed.

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)

Management provided us with the written policy and procedures and all functions are addressed.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked

Management provided us with the written policy and procedures and all functions are addressed.

- 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

Management provided us with the written policy and procedures and all functions are addressed, except there are no standard terms and conditions for contracts.

- 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)

Management provided us with the written policy and procedures and all functions are addressed.

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

Management provided us with the written policy and procedures and all functions are addressed.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy

Management provided us with the written policy and procedures and all functions are addressed.

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

Management provided us with the written policy and procedures. The debt issuance approval function was addressed. They do not have written policies and procedures for the other functions, but they are not applicable to them.

Board (or Finance Committee, if applicable)

- 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.

No exceptions found.

- 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*

No exceptions found.

- 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.

Not applicable.

Bank Reconciliations

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

Management provided us with the required list and represented that it is complete.

- 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);

Excluded from testing during the current year, since prior year had no exceptions.

- 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

Excluded from testing during the current year, since prior year had no exceptions.

- 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.

Excluded from testing during the current year, since prior year had no exceptions.

Collections

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

Management provided us with the required list and representation that it 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.

No exceptions found.

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

No exceptions found.

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

No exceptions found.

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

No exceptions found.

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

No exceptions found.

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.

Observed sequentially pre-numbered receipts for the selected deposits, except for the deposits selected for one of the bank accounts tested. Sequentially pre-numbered receipts are not required by written policy.

Management's Response: Sequentially pre-numbered receipts will be required for all bank accounts beginning in December, 2018.

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

No exceptions found.

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

No exceptions found.

- 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).

No exceptions found.

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

No exceptions found.

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

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

Management provided us with the required list and represented that it 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.

No exceptions found.

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

No exceptions found.

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

No exceptions found.

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

No exceptions found.

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

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions found.

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

No exceptions found.

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

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

Management provided us with the required list and represented that the list is complete.

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

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

No exceptions found.

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

No exceptions found.

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).

No exceptions found.

Travel and Expense Reimbursement

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).

No exceptions found.

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

No exceptions found.

- 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).

No exceptions found.

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

No exceptions found.

Contracts

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

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

No exceptions found.

Contracts

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

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

No exceptions found.

- 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).

No exceptions found.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions found.

- 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.

No exceptions found.

Payroll and Personnel

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

Excluded from testing during the current year, since there were no exceptions in the prior year.

- 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.

Excluded from testing during the current year, since there were no exceptions in the prior year.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Excluded from testing during the current year.

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

Excluded from testing during the current year, since there were no exceptions in the prior year.

- 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.

Excluded from testing during the current year, since there were no exceptions in the prior year.

- 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.

Excluded from testing during the current year, since there were no exceptions in the prior year.

Ethics

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

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

Excluded from testing during the current year, since there were no exceptions in the prior year.

- 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.

Excluded from testing during the current year, since there were no exceptions in the prior year.

Debt Service

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

The School is a nonprofit entity and is not required to obtain approval from the State Bond Commission.

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

The School made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Other

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

There were no misappropriations of public funds or assets.

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

The School posted on its premises and website, the notice required by R.S. 24:523.1.

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

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

A handwritten signature in blue ink, appearing to read "Don M. McGehee".

Don M. McGehee
Certified Public Accountant
November 15, 2018