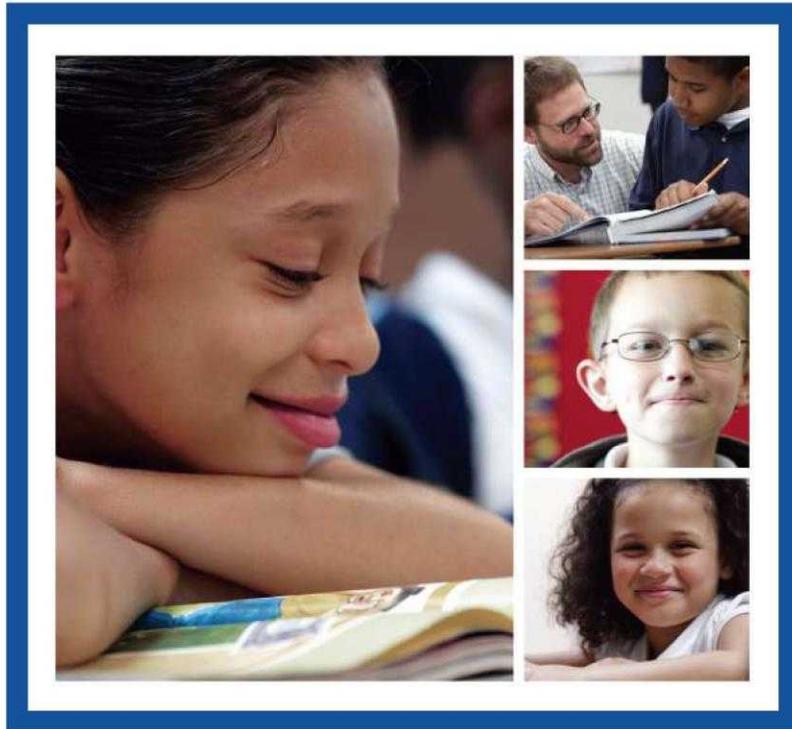


INSPIRE CHARTER ACADEMY, INC.



Financial Statements as of and for the Year
Ended June 30, 2017, and Independent
Auditor's Reports

INSPIRE CHARTER ACADEMY, INC.

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INSPIRE CHARTER ACADEMY, INC.

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Independent Auditor's Report

To the Board of Directors
Inspire Charter Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Inspire Charter Academy, Inc. (the "Academy"), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities and change in net assets and statement of cash flows, and the schedule of functional expenses 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 Academy'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 Academy'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.

To the Board of Directors
Inspire Charter Academy, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inspire Charter Academy, Inc. as of June 30, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

The schedule of compensation, benefits and other payments to agency head or chief executive officer is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing 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 schedule of compensation, benefits and other payments to agency head or chief executive officer is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2017 on our consideration of Inspire Charter Academy, Inc.'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 the 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 Inspire Charter Academy, Inc.'s internal control over financial reporting and compliance.

Plante & Morse, PLLC

September 26, 2017

INSPIRE CHARTER ACADEMY, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS

CURRENT ASSETS:

Cash	\$	28,538
Due from governmental revenue sources		<u>637,692</u>
Total current assets		<u>666,230</u>

TOTAL	\$	<u>666,230</u>
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LIABILITIES AND NET ASSETS

LIABILITIES - Contracted service fee payable	\$	637,696
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NET ASSETS - Unrestricted and undesignated		<u>28,534</u>
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TOTAL	\$	<u>666,230</u>
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See notes to financial statements.

INSPIRE CHARTER ACADEMY, INC.

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS YEAR ENDED JUNE 30, 2017

REVENUES, GAINS AND OTHER SUPPORT:

State aid	\$	7,827,308
Federal sources		569,910
Private sources		<u>68,075</u>

Total revenues 8,465,293

EXPENSES:

Contracted service fee		8,430,295
Expenses of the Board of Directors		<u>34,745</u>

Total expenses 8,465,040

CHANGE IN UNRESTRICTED NET ASSETS 253

NET ASSETS:

Beginning of year		<u>28,281</u>
End of year	\$	<u>28,534</u>

See notes to financial statements.

INSPIRE CHARTER ACADEMY, INC.

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

State aid	\$	7,918,920
Federal sources		566,827
Private sources		61,324
Payments for services rendered		<u>(8,546,817)</u>

Net cash provided by operating activities 254

NET INCREASE IN CASH 254

CASH - Beginning of Year 28,284

CASH - End of Year \$ 28,538

RECONCILIATION OF CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES:

Change in net assets	\$	253
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in due from governmental revenue sources		88,529
Change in deferred revenue		(6,751)
Change in contracted service fee payable		<u>(81,777)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES \$ 254

See notes to financial statements.

INSPIRE CHARTER ACADEMY, INC.

**SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017**

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Regular and Special</u>	<u>Management</u>	
	<u>Education</u>	<u>and General</u>	<u>Total</u>
Contracted service fee:			
Instruction:			
Regular education programs	\$ 2,802,432	\$ -	\$ 2,802,432
Special education programs	281,917	-	281,917
Other instructional programs	169,415	-	169,415
Support services:			
Pupil support services	117,435	93,451	210,886
Instructional staff services	507,874	372,179	880,053
General administration	70,033	376,819	446,852
School administration	325,860	342,716	668,576
Business services	-	289,479	289,479
Operations and maintenance	1,367,076	27,655	1,394,731
Central services	-	814,181	814,181
Other support services	-	26,753	26,753
Food services	445,020	-	445,020
	<hr/>	<hr/>	<hr/>
Total contracted service fee	6,087,062	2,343,233	8,430,295
	<hr/>	<hr/>	<hr/>
Expenses of the Board of Directors	34,745	-	34,745
	<hr/>	<hr/>	<hr/>
Total expenses	\$ 6,121,807	\$ 2,343,233	\$ 8,465,040
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See notes to financial statements.

INSPIRE CHARTER ACADEMY, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2017

1. NATURE OF OPERATIONS

Inspire Charter Academy, Inc. (the "Academy") was incorporated on June 16, 2009 as a non-profit corporation under the laws of the State of Louisiana and began operations on July 1, 2010 as a public charter school as defined by the Charter School Demonstration Programs Law, LA. R.S. 17:3971 *et seq.* The Academy provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy operates under a charter approved by the East Baton Rouge Parish School Board, which is responsible for oversight of the Academy's operations. The charter expires June 30, 2018 and is subject to renewal. Management believes the charter will be renewed in the ordinary course of business. The Academy provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The Academy has applied to the Internal Revenue Service for recognition of its exemption from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

The Academy's primary source of revenue is provided by the State of Louisiana through its Minimum Foundation Program and consists of an amount per student multiplied by weighted average student counts. The state revenue, which passes through the East Baton Rouge Parish School Board, is recognized ratably over the school year and is funded through payments from July 2016 through June 2017.

The Board of Directors of the Academy has entered into a services agreement (the "agreement") with National Heritage Academies, Inc. (NHA) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. The agreement will continue until termination or expiration of the charter contract, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The financial statements of the Academy are prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date

of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash — Cash as of June 30, 2017 represents bank deposits which are covered by federal depository insurance.

Financial Statements — The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

- **Unrestricted Net Assets** — Net assets, which are not subject to donor, imposed or governmental stipulations. All net assets as of June 30, 2017 are considered to be unrestricted.

Revenues and contributions are reported as follows:

- Revenues, gains and other support are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed or governmental restrictions. Expenses are reported as decreases in unrestricted net assets. Other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or governmental restriction. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purposes have been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. For the year ended June 30, 2017, all revenue sources were unrestricted.
- Revenue is recorded when earned, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Income Taxes — The Academy operates as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Academy has received notification from the Internal Revenue Service (IRS) that they are considered exempt from Federal income tax under Section 501(c)(3) of the internal revenue code. Accordingly, no provision for federal income taxes has been made.

Recent Accounting Pronouncements — The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* in August 2016. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow FASB not-for-profit rules, including changing from three classes of net assets to two classes, net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 will also require changes in the way certain information is aggregated and reported by the Academy, including required disclosures about the liquidity and availability of resources. The new standard is effective for organizations with year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Academy is currently evaluating the impact this standard will have on the financial statements.

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 will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition.

The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Academy's year ending June 30, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods. The Academy has not yet determined which application method it will use. The Academy is in the process of evaluating potential effects of the new standard on the financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Academy's year ending June 30, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined, but is expected to have minimal impact when adopted.

3. RISK MANAGEMENT

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2017, and claims did not exceed coverage less retained risk deductible amounts in past fiscal year.

4. CONTINGENCIES

The Academy has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

5. CAPITAL ASSETS

Capital asset activity of the Academy was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Other equipment	\$ 12,065	\$ -	\$ (12,065)	\$ -
Less accumulated depreciation — Other equipment	12,065	-	(12,065)	-
Total capital assets, net	\$ -	\$ -	\$ -	\$ -

6. OPERATING LEASE

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2015 through June 30, 2018. Annual rental payments required by the lease are \$1,044,960, payable in twelve monthly payments of \$87,080.

7. COMPENSATION OF BOARD OF DIRECTORS

All members of the Board of Directors serve as volunteers without compensation. By resolution of the Board, Directors may be reimbursed for their reasonable expenses incident to their duties in accordance with applicable laws.

8. SUBSEQUENT EVENTS

Events or transactions occurring after June 30, 2017 have been evaluated through September 26, 2017, the date the financial statements were available to be issued. The financial statements and notes thereto do not reflect events or transactions after this date.

* * * * *

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 Management and the Board of Directors
Inspire Charter Academy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Inspire Charter Academy, Inc. (the "Academy"), which comprise the statement of financial position as of June 30, 2017 and the related statements of activities and change in net assets and cash flows and the schedule of functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2017.

Internal Control Over Financial Reporting

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

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

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

To Management and the Board of Directors
Inspire Charter Academy, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Inspire Charter Academy, Inc.'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 Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Morse, PLLC

September 26, 2017

SUPPLEMENTAL INFORMATION

INSPIRE CHARTER ACADEMY, INC.

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO AGENCY HEAD
OR CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2017**

Agency Head Name: Cheria Lane-Mackey, Board President

Purpose	Amount
Salary	\$ -
Benefits-insurance	-
Benefits-retirement	-
Benefits-Other (describe)	-
Benefits-Other (describe)	-
Benefits-Other (describe)	-
Car allowance	-
Vehicle provided by government (enter amount reported on W-2)	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Housing	-
Unvouchered expenses (example: travel advances, etc.)	-
Special meals	-
Other	-

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Inspire Charter Academy, Inc.
3850 Broadmoor SE, Ste 201
Grand Rapids, MI 49512

Dear Board Members:

We have performed the procedures included in the *Louisiana Governmental Audit Guide* enumerated below, which were agreed to by the management of Inspire Charter Academy, Inc. (the "Academy") and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Inspire Charter Academy, Inc. 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). Management of Inspire Charter Academy, Inc. is responsible for its financial records and compliance with applicable laws. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules of supplemental information and 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 were classified correctly and were 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

Exception Noted: 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 school board supporting payroll records as of October 1, 2016.

Exception Noted: None.

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

Exception Noted: None.

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

Exception Noted: Based on review of supporting documentation, for the 25 teachers selected for testing, there was one teacher identified with improperly categorized education level as of October 1, 2016.

Management's Response: Through its service agreement with National Heritage Academies, Inc. (NHA), the Academy completes state required Profile of Educational Personnel (PEP) reporting. The improper classification of the teacher noted did not include Master's level experience that was verified via review of transcripts received subsequent to the PEP filing. The improperly classified education level of the noted teacher will be corrected in a future PEP report filing.

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 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Exception Noted: None.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule 4)

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

Exception Noted: None.

To the Board of Directors
Inspire Charter Academy, Inc.

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

Exception Noted: None.

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

Exception Noted: 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, 2016 roll books for those classes and determined if the class was properly classified on the schedule.

Exception Noted: None.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Louisiana Achievement Charter Academies, Inc.

Exception Noted: None.

Graduation Exit Examination (GEE) (Schedule 8)

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

iLEAP Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Louisiana Achievement Charter Academies, Inc.

Exception Noted: None.

We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

To the Board of Directors
Inspire Charter Academy, Inc.

This report is intended solely for the use of management of Inspire Charter Academy, Inc., the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Plante & Moreau, PLLC

September 26, 2017

INSPIRE CHARTER ACADEMY, INC.

Schedules Required by Louisiana State Law

**(R.S. 24:514 – Performance and Statistical Data)
As of and for the year ended June 30, 2017**

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, 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

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.

Schedule 7 – Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district 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.

Schedules 9 – iLEAP Tests

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

INSPIRE CHARTER ACADEMY, INC.
 BATON ROUGE, LOUISIANA

Schedule 1

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

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures		
Teacher and Student Interaction Activities		
Classroom Teacher Salaries	\$ 1,704,831	
Other Instructional Staff Salaries	339,173	
Instructional Staff Employee Benefits	587,416	
Purchased Professional and Technical Services	90,726	
Instructional Materials and Supplies	149,388	
Instructional Equipment	<u>24,116</u>	
Total Teacher and Student Interaction Activities		\$ 2,895,650
Other Instructional Activities		105,935
Pupil Support Services	180,336	
Less: Equipment for Pupil Support Services	<u>-</u>	
Net Pupil Support Services		180,336
Instructional Staff Services	591,578	
Less: Equipment for Instructional Staff Services	<u>12,191</u>	
Net Instructional Staff Services		579,387
School Administration	762,072	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>762,072</u>
Total General Fund Instructional Expenditures		\$ <u>4,523,380</u>
Total General Fund Equipment Expenditures		\$ <u>36,307</u>

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

INSPIRE CHARTER ACADEMY, INC.
 BATON ROUGE, LOUISIANA
 Education Levels of Public School Staff
 As of October 1, 2016

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	-	0%	-	0%	-	0%	-	-
Bachelor's Degree	19	70%	5	83%	-	0%	-	-
Master's Degree	8	30%	1	17%	1	100%	-	-
Master's Degree + 30	-	0%	-	0%	-	0%	-	-
Specialist in Education	-	0%	-	0%	-	0%	-	-
Ph. D. or Ed. D.	-	0%	-	0%	-	0%	-	-
Total	27	100%	6	100%	1	100%	-	-

See independent accountant's report on applying agreed upon procedures.
 Status: as of October 1, 2016

INSPIRE CHARTER ACADEMY, INC.
BATON ROUGE, LOUISIANA
Number and Type of Public Schools
For the Year Ended June 30, 2017

Schedule 3

Type	Number
Elementary	1
Middle/Jr. High	-
Secondary	-
Combination	-
Total	1

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

INSPIRE CHARTER ACADEMY, INC.
 BATON ROUGE, LOUISIANA
 Experience of Public Principals, Assistant Principals,
 and Full Time Classroom Teachers
 As of October 1, 2016

Schedule 4

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ Yrs.	Total
Principals							1	1
Assistant Principals								0
Classroom Teachers	3	12	13	1	0	0	4	33
Total	3	12	13	1	0	0	5	34

See independent accountant's report on applying agreed upon procedures.
 Status: as of October 1, 2016

INSPIRE CHARTER ACADEMY, INC.
 BATON ROUGE, LOUISIANA
 Public School Staff Data
 For the Period July 1, 2016 Through June 30, 2017

Schedule 5

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers' Salary Including Extra Compensation	\$49,506.62	\$49,506.62
Average Classroom Teachers' Salary Excluding Extra Compensation	\$49,182.98	\$49,182.98
Number of Teacher Full Time Equivalents (FTEs) Used in Computation of Average Salaries	33	33

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

INSPIRE CHARTER ACADEMY, INC.
 BATON ROUGE, LOUISIANA
 Class Size Characteristics
 As of October 1, 2016

Schedule 6

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34 +	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	18%	5	46%	13	35%	10	0%	0
Elementary Activity Classes								
Middle Jr. High								
Middle Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

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

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

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0	1	0	8	10	5
Mastery	30	28	18	41	26	16
Basic	23	23	19	18	25	27
Approaching Basic	26	25	25	21	25	16
Unsatisfactory	21	23	38	12	14	36
Total	100	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	5	1	1	1	0	0
Mastery	22	15	19	22	11	15
Basic	22	38	36	17	27	32
Approaching Basic	28	23	23	38	40	27
Unsatisfactory	23	23	21	22	22	26
Total	100	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	1	0	1	0	0
Mastery	22	16	13	14	14	6
Basic	33	34	20	41	29	20
Approaching Basic	35	30	43	26	38	51
Unsatisfactory	9	19	24	18	19	23
Total	100	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	0	0	1	0	0
Mastery	12	11	23	7	13	9
Basic	30	33	38	23	15	31
Approaching Basic	43	36	31	33	47	53
Unsatisfactory	14	20	8	36	25	7
Total	100	100	100	100	100	100

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	1	0	1	0	0
Mastery	10	16	13	10	6	7
Basic	24	34	36	19	33	36
Approaching Basic	45	30	40	51	51	39
Unsatisfactory	18	19	11	19	10	18
Total	100	100	100	100	100	100

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

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	0	0	2	0	2
Mastery	35	16	34	14	9	14
Basic	27	27	38	12	20	30
Approaching Basic	24	41	20	39	35	42
Unsatisfactory	11	16	8	33	36	12
Total	100	100	100	100	100	100

INSPIRE CHARTER ACADEMY, INC.
BATON ROUGE, LOUISIANA
Graduation Exit Exam
For the Year Ended June 30, 2017

Schedule 8

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

iLEAP Test Results
For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 3 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	23	19	6	5	N/A	5
Mastery	27	19	12	16	N/A	16
Basic	21	22	22	23	N/A	35
Approaching Basic	15	28	42	28	N/A	22
Unsatisfactory	14	12	18	28	N/A	22
Total	100	100	100	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 4 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	1	0	2	N/A	0
Mastery	7	5	4	10	N/A	3
Basic	45	39	30	22	N/A	45
Approaching Basic	29	39	36	36	N/A	22
Unsatisfactory	17	16	30	30	N/A	30
Total	100	100	100	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 5 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2	0	1	0	N/A	3
Mastery	6	5	1	4	N/A	4
Basic	33	41	26	18	N/A	25
Approaching Basic	32	32	31	33	N/A	35
Unsatisfactory	27	22	41	45	N/A	33
Total	100	100	100	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 6 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0	0	0	0	N/A	12
Mastery	8	4	4	6	N/A	24
Basic	45	33	36	13	N/A	46
Approaching Basic	25	47	41	23	N/A	15
Unsatisfactory	22	16	19	58	N/A	3
Total	100	100	100	100	N/A	100

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 7 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	3	2	0	0	N/A	0
Mastery	14	12	24	4	N/A	18
Basic	24	38	38	23	N/A	59
Approaching Basic	43	33	31	26	N/A	17
Unsatisfactory	16	15	7	47	N/A	6
Total	100	100	100	100	N/A	100

**iLEAP Test Results
For the Year Ended June 30, 2017**

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
Grade 8 Students	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1	1	0	6	N/A	1
Mastery	8	1	4	8	N/A	8
Basic	23	45	39	23	N/A	63
Approaching Basic	43	37	41	36	N/A	18
Unsatisfactory	25	16	16	27	N/A	10
Total	100	100	100	100	N/A	100

Independent Accountant's Report on Applying Agreed-upon Procedures

To the Board of Directors
Inspire Charter Academy, Inc.
5454 N. Foster Drive
Baton Rouge, LA 70805

Dear Board Members:

We have performed the procedures enumerated below, which were agreed to by Inspire Charter Academy, Inc. (the "Academy") solely to assist users in evaluating management's accounting and control processes and procedures specified by the Louisiana Legislative Auditor in their prescribed statewide agreed-upon procedures designed to lessen the risk of fraud, waste, and abuse relating to Inspire Charter Academy, Inc. as of June 30, 2017. The Academy's management is responsible for the accounting control processes and procedures relevant to the processes and procedures noted in the statewide agreed-upon procedures designed to lessen the risk of fraud, waste, and abuse. The sufficiency of these procedures is solely the responsibility of the Louisiana Legislative Auditor. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are as follows:

Written Policies and Procedures

1. Obtain the Academy's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the Academy does not have any written policies and procedures), as applicable:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) ***Disbursements***, including processing, reviewing, and approving
 - d) ***Receipts***, including receiving, recording, and preparing deposits
 - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the Academy's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Exception Noted: None

Board (or Finance Committee, if applicable)

- 2. Obtain and review the board/committee minutes for the fiscal period, and:
 - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the Academy's prior audit (GAAP-basis).
 - If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.
 - c) Report whether the minutes referenced or included nonbudgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

Exception Noted: None

Bank Reconciliations

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

4. Using the listing provided by management, select all of the Academy's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
 - a) Bank reconciliations have been prepared;
 - b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
 - c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Exception Noted: None

Collections

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
6. Using the listing provided by management, select all of the Academy's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than five locations). **For each cash collection location selected:**
 - a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the Academy has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
 - Using Academy collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.
7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the Academy has a process specifically defined (identified as such by the Academy) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

Exception Noted: *The procedures above relate to sales type activities which would not be applicable at the Academy. The employees collecting any cash at the Academy (which would be minimal) are employees of the management company, National Heritage Academies, rather than employees of the Academy and would not be public employees requiring bonding.*

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

8. Obtain a listing of academy disbursements from management or, alternately, obtain the general ledger and sort/filter for academy disbursements. Obtain management's representation that the listing or general ledger population is complete.
9. Using the disbursement population from procedure number 8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the Academy had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:
 - a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
 - b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
 - c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.
10. Using Academy documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the Academy's purchasing/disbursement system.

11. Using academy documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.
12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review Academy documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.
13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Exception Noted: None

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the Academy has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:
 - a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
 - b) Report whether finance charges and/or late fees were assessed on the selected statements.
16. Using the monthly statements or combined statements selected under procedure number 15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)
 - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the Academy's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.
- c) For each transaction, compare the Academy's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

Exceptions Noted: None

Travel and Expense Reimbursement

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

- b) Report whether each expense is supported by:
 - An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
 - Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)
- c) Compare the Academy's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Exceptions Noted: None

Contracts

- 20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.
- 21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the Academy complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the Academy solicited quotes as a best practice.
 - c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Exception Noted: None

Payroll and Personnel

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.
- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the Academy had less than 25 employees during the fiscal period), and:
 - a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - c) Report whether there is written documentation that the Academy maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.
- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.
- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Exception Noted: None

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure number 22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the Academy maintained documentation to demonstrate that required ethics training was completed.
27. Inquire of management whether any alleged ethics violations were reported to the Academy during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the Academy’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Exception Noted: The Academy is a nonprofit entity. Steps above are determined to be not applicable

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the Academy, and report whether State Bond Commission approval was obtained.
29. If the Academy had outstanding debt during the fiscal period, obtain supporting documentation from the Academy and report whether the Academy made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. If the Academy had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Exception Noted: The Academy is a nonprofit entity. Steps above are determined to be not applicable

Other

31. Inquire of management whether the Academy had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the Academy reported the misappropriation to the legislative auditor and the district attorney of the parish in which the Academy is domiciled.
32. Observe and report whether the Academy has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. If the practitioner observes or otherwise identifies any exceptions regarding management’s representations in the procedures above, report the nature of each exception.

Exception Noted: None

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 statewide agreed-upon procedures. 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.

This report is intended solely for the information and use of the specified party above and is not intended to be and should not be used by anyone other than this specified party.

Plante & Moran, PLLC

Grand Rapids, MI
September 26, 2017