

GREATER GRACE CHARTER ACADEMY, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

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DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Grace Charter Academy, Inc.
Vacherie, LA

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Grace Charter Academy, Inc. (a non-profit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Grace Charter Academy, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Compensation, Benefits and Other Payments to the School Leader, is presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Performance and Statistical Data and the Statewide Agreed Upon Procedures are not a required part of the basic financial statements but are supplementary information required by Louisiana State Law. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We have applied certain limited procedures, which are described in the Independent Accountant's Report on Applying Agreed-Upon Procedures. However we did not audit this information and, accordingly, express no opinion on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2019, on our consideration of Greater Grace Charter Academy, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 effectiveness of Greater Grace Charter Academy Inc.'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 Greater Grace Charter Academy, Inc.'s internal control over financial reporting and compliance.

Daigrepoint & Brian, APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

November 18, 2019

GREATER GRACE CHARTER ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash	\$ 132,768	\$ 128,739
Accounts receivable, net	39,182	48,586
Other current assets	24,029	6,034
Total Current Assets	<u>195,979</u>	<u>183,359</u>
Property and Equipment		
Equipment	144,342	144,342
Buildings and improvements	347,820	347,820
	<u>492,162</u>	<u>492,162</u>
Accumulated depreciation	<u>(320,434)</u>	<u>(187,173)</u>
Total Property and Equipment	<u>171,728</u>	<u>304,989</u>
Total Assets	<u>\$ 367,707</u>	<u>\$ 488,348</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 106,291	\$ 157,427
Accrued payroll	9,665	5,478
Accrued summer pay	31,219	22,208
Current portion of long term debt	34,737	32,687
Current portion of start-up loans	3,333	46,667
Total Current Liabilities	<u>185,245</u>	<u>264,467</u>
Long Term Liabilities		
Total Long Term Liabilities	<u>66,111</u>	<u>104,181</u>
Total Liabilities	<u>251,356</u>	<u>368,648</u>
Net Assets		
Net assets without donor restrictions	<u>116,351</u>	<u>119,700</u>
Total Liabilities and Net Assets	<u>\$ 367,707</u>	<u>\$ 488,348</u>

See accompanying notes and independent auditors' report.

GREATER GRACE CHARTER ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUES		
Minimum Foundation Program	\$ 1,163,078	\$ 1,236,669
Federal grants	107,022	162,832
State grants	1,981	1,583
Food service reimbursement	62,662	66,233
Contribution income	5,452	11,497
Other income	1,310	386
Total Revenues	<u>1,341,505</u>	<u>1,479,200</u>
EXPENSES		
Program services	1,161,188	1,183,168
Management and general	183,666	205,005
Total Expenses	<u>1,344,854</u>	<u>1,388,173</u>
CHANGE IN NET ASSETS	(3,349)	91,027
Net assets - beginning of year	<u>119,700</u>	<u>28,673</u>
Net assets - end of year	<u>\$ 116,351</u>	<u>\$ 119,700</u>

See accompanying notes and independent auditors' report.

GREATER GRACE CHARTER ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management & General	Total
Curriculum materials and software	\$ 68,622	\$ -	\$ 68,622
Depreciation	106,608	26,652	133,260
Employee benefits	28,012	2,369	30,381
Food service	75,444	-	75,444
Insurance	17,598	4,400	21,998
Miscellaneous	9,893	2,473	12,366
Payroll taxes	38,494	3,015	41,509
Professional development	5,055	-	5,055
Recruiting	4,511	-	4,511
Rent	76,787	19,197	95,984
Repairs and maintenance	10,288	2,572	12,860
Salaries	494,759	60,531	555,290
Supplies	3,055	1,018	4,073
Technical and professional services	57,104	55,492	112,596
Transportation	141,170	-	141,170
Utilities	23,788	5,947	29,735
	<u>\$ 1,161,188</u>	<u>\$ 183,666</u>	<u>\$ 1,344,854</u>

See accompanying notes and independent auditors' report.

**GREATER GRACE CHARTER ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	Program Services	Management & General	Total
Curriculum materials and software	\$ 55,946	\$ -	\$ 55,946
Depreciation	87,950	21,988	109,938
Employee benefits	29,012	3,537	32,549
Food service	69,867	-	69,867
Insurance	32,060	8,015	40,075
Travel	-	317	317
Miscellaneous	12,768	3,192	15,960
Payroll taxes	36,426	4,473	40,899
Professional development	4,901	-	4,901
Recruiting	5,013	-	5,013
Rent	123,882	30,970	154,852
Repairs and maintenance	6,842	1,710	8,552
Salaries	501,406	65,472	566,878
Supplies	4,022	1,340	5,362
Technical and professional services	49,688	56,970	106,658
Transportation	135,303	-	135,303
Utilities	28,082	7,021	35,103
	<u>\$ 1,183,168</u>	<u>\$ 205,005</u>	<u>\$ 1,388,173</u>

See accompanying notes and independent auditors' report.

GREATER GRACE CHARTER ACADEMY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (3,349)	\$ 91,027
<u>Adjustments to reconcile net revenues over expenses</u> <u>to net cash provided by operating activities:</u>		
Depreciation	133,260	109,938
(Increase) decrease in accounts receivable	9,404	(7,866)
(Increase) decrease in other current assets	(17,995)	27,820
Increase (decrease) in accounts payable	(51,136)	8,507
Increase (decrease) in accrued summer pay	9,012	(5,356)
Increase (decrease) in accrued payroll	4,187	(6,718)
Total adjustments	<u>86,732</u>	<u>126,325</u>
Net cash provided by operating activities	<u>83,383</u>	<u>217,352</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property & equipment purchases	<u>-</u>	<u>(97,806)</u>
Net cash used by investing activities	<u>-</u>	<u>(97,806)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on start-up loans	(46,667)	(44,444)
Payments on insurance financing	-	(17,023)
Proceeds from line of credit borrowings	-	20,000
Payments on line of credit	-	(140,000)
Proceeds from bank loan	-	141,400
Principal payments on bank loan	<u>(32,687)</u>	<u>(7,866)</u>
Net cash used by financing activities	<u>(79,354)</u>	<u>(47,933)</u>
INCREASE IN CASH	4,029	71,613
CASH, BEGINNING OF YEAR	<u>128,739</u>	<u>57,126</u>
CASH, END OF YEAR	<u>\$ 132,768</u>	<u>\$ 128,739</u>
Supplemental Disclosures		
Cash paid for interest	<u>\$ 7,235</u>	<u>\$ 9,497</u>

See accompanying notes and independent auditors' report.

**GREATER GRACE CHARTER ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

1. Summary of Significant Accounting Policies

(a) Organization

Greater Grace Charter Academy, Inc. (the School) began operations in Vacherie, LA as a non-profit organization and on July 1, 2016 was granted full approval as a Type Two charter by the Louisiana Board of Elementary and Secondary Education (BESE). The School first opened for enrollment beginning in the 2016-2017 school year and operates under a charter in BESE that expires June 30, 2020 and may be renewed from successive periods. The School enrolled kindergarten through eighth grade for the 2018-2019 school year.

(b) Basis of Accounting

The financial statements of the School have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

(c) Revenues

The School receives the majority of its revenue from the Minimum Foundation Program (MFP) which passes through the school board. The amount of the MFP funding is based on an allocation of funds provided by the State of Louisiana and local taxes. The School also receives federal, state and private sector funding. Federal and state funds are passed through the Louisiana Department of Education or the St. James Parish School Board.

(d) Net Assets

The School reports information regarding its financial positions and activities according to two classes of net assets:

Net Assets Without Donor Restrictions are net assets that are not subject to donor-imposed restrictions and are available for us at the organization's discretion.

Net Assets With Donor Restrictions are net assets subject to donor-imposed restrictions that may or will be met by either actions of the organization or the passage of time. Once the restrictions are met they are reclassified to net assets without donor restrictions. There are no net assets classified as with donor restrictions at June 30, 2019 and 2018.

(e) Recently Issued Accounting Standards

On August 18, 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Amount other provisions, ASU 2016-14 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 the disclosure of both quantitative and qualitative information about the availability of and how the organization manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

GREATER GRACE CHARTER ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued)

(f) Cash

Cash consists of bank deposits held with financial institutions and cash on hand.

(g) Accounts and Grants Receivable

Management has determined that there were no balances recorded that were uncollectible as of June 30, 2019 or 2018.

(h) Functional Expenses

The School allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program, such as curriculum supplies, are allocated directly according to their natural expense classification. Other expenses that are attributable to both the program and supporting functions are allocated based on management's estimates of time and effort.

(i) Income Taxes

The School accounts for income taxes in accordance with FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management believes it has no material uncertain tax positions and, accordingly has not recognized a liability for any unrecognized tax benefits.

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The School files information returns in the U.S. federal jurisdiction. The Schools first federal information return was for the 2016 tax year. The School is subject to federal information return examinations by tax authorities for the years 2018, 2017 and 2016.

(j) Use of Estimates

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

(k) Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through November 18, 2019, which is the date the financial statements were available to be issued.

2. Concentrations

Financial instruments, which potentially subject the School to concentration of credit risk, consist of cash accounts held with a bank. Cash accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. There were no cash balances in excess of FDIC insured limits as of June 30, 2019 or 2018.

GREATER GRACE CHARTER ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

2. Concentrations (continued)

The School receives the majority of its operating revenue from the State of Louisiana Department of Education in the form of Minimum Foundation Program funding. The School also receives grants from federal agencies, state agencies, and private foundations. The percentage of revenue and receivables from these sources in excess of 10% is as follows:

	Revenue	Receivables
2019		
Minimum Foundation Program	87%	N/A
Federal Grants	N/A	100%
2018		
Minimum Foundation Program	84%	N/A
Federal Grants	11%	58%
State Grants	N/A	42%

3. Leases

The School entered an agreement with New Hope International Family Worship Center to lease the facility in which it currently operates for a period of five years beginning July 1, 2016. The initial agreement required the School to pay \$6,250 per month for the first twelve months. This agreement was amended in FY19 and lowered the required payments to \$6,000 per month for the remainder. Lease payments were \$4,200 per month for the 2018-2019 school year and are expected to increase by \$833 for every subsequent year through June 30, 2021.

Future minimum lease payments are as follows:

Fiscal Year 2020	\$ 72,000
Fiscal Year 2021	81,996
	\$ 153,996

In order to provide additional class space, the School entered into a lease agreement with Satellite Shelter to provide modular buildings on site during the fiscal year. The lease payments were \$3,400 and is renewed on a monthly basis. Total lease payments were \$89,928 and \$150,661 for fiscal years 2019 and 2018, respectfully.

4. School Start Up Loan

The School has loans payable for startup costs with both 4th Sector Solutions (4SS), whom provides charter school support services and the Louisiana State Board of Elementary and Secondary Education (BESE).

GREATER GRACE CHARTER ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

4. School Start Up Loan (continued)

The total amount of 4SS startup costs loan was \$40,000 and began on August 1, 2016. This loan is payable in equal monthly installments of \$1,111 over 3 months. The total amount due on this loan at June 30, 2019 was \$3,333. This loan does not bear any interest.

Projected amounts due on these loans for the next 15 months are as follows:

	Start Up Costs
Fiscal Year 2020	<u>3,333</u>
	<u>\$ 3,333</u>

5. Bank Note Payable

The School acquired a note payable with a bank on March 7, 2018. This note has a stated interest rate of 6%, is payable in 48 monthly installments of \$3,327.03, is secured by a Multiple Indebtedness Mortgage, and matures on March 07, 2022. Interest expense was \$7,235 and \$9,497 at June 30, 2019 and 2018, respectfully.

Projected principal payments for the next four years are as follows:

	Amount
Fiscal Year 2020	\$ 34,737
Fiscal Year 2021	36,914
Fiscal Year 2022	<u>29,197</u>
	<u>\$ 100,848</u>

6. Property and Equipment

Property and equipment is presented in the financial statements on the basis of cost less allowances for depreciation. The School capitalizes all expenditures of depreciable assets where cost exceeds \$1,000. Depreciation is computed using the straight-line method and is provided over the estimated useful lives of the assets, which is generally three to seven years.

All property and equipment purchased with Louisiana Department of Education funds are owned by the School. However, these assets would revert back to the Louisiana Department of Education should the charter not be renewed.

7. Compensated Absences

Employees earn vacation and sick pay based on various factors such as length of service and job title. Any unused vacation is paid out at the end of the year and does not carry over to the following year. Therefore, there are no compensated absences accrued at June 30, 2019 or 2018.

**GREATER GRACE CHARTER ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

8. Commitments and Contingencies

The School receives grants for specific purposes that are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. It is the opinion of the School's management that its compliance with the terms of the grants will not result in any disallowed costs.

9. Pending Litigation

The School is involved in a federal desegregation case in regards to the racial demographics of the student body. The original enrollment for Greater Grace did not reflect the parish demographic ratio and, due to this, was in danger of violating federal desegregation law. The school appealed to a federal judge who allowed the school to open while a decision as to what demographic ratio the school must meet is decided upon. While a final decision has yet to be made, the board and management of the School expect a favorable outcome.

10. Liquidity and Availability of Financial Assets

The School has \$171,950 of financial assets available within one year of the statement of financial position date to meet cash needs for general and operating expenditures, consisting of cash of \$132,768 and accounts receivable of \$39,182. There are no amounts unavailable for general use due to contractual or donor imposed restrictions within one year of the statement of financial position date.

As part of the School's liquidity management, cash is kept in a checking account that can be accessed to meet daily needs of the School.

**GREATER GRACE CHARTER ACADEMY, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO THE SCHOOL LEADER
FOR THE YEAR ENDED JUNE 30, 2019**

School Leader

C. Aubert

Salary

\$ 92,516

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT AUDITORS' 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
Greater Grace Charter Academy, Inc.
Vacherie, LA

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 Greater Grace Charter Academy, Inc. (a non-profit organization) which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Greater Grace 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 Greater Grace Charter Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Greater Grace Charter Academy, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Daigrepoint & Brian, APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

November 18, 2019

GREATER GRACE CHARTER ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

We have audited the financial statements of Greater Grace Charter Academy, Inc., as of June 30, 2019 for the year then ended, and have issued our report thereon dated November 18, 2019. 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.

Summary of Auditors' Reports

Financial Statements

Type of auditors' report issued:	Unmodified
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Findings - Financial Statement Audit

There are no findings for the year ended June 30, 2019

Questioned Costs

There are no questioned costs for the year ended June 30, 2019

**GREATER GRACE CHARTER ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Summary of Prior Audit Findings

There were no prior year audit findings.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Greater Grace Charter Academy, Inc.
Vacherie, LA

We have performed the procedures enumerated below, which were agreed to by the management of Greater Grace Charter Academy, Inc. and the Legislative Auditor, State of Louisiana, on the performance and statistical data accompanying the annual financial statements of Greater Grace Charter Academy, Inc. for the fiscal year ended June 30, 2019; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education in compliance with Louisiana Revised Statute 24:514.1. Management of Greater Grace Charter Academy, Inc. is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and 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)

Procedure #1

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

- Total General Fund 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

Results of Procedure #1

In performing the testing on the sample of expenditures/revenues we noted no transactions that were inappropriately classified or that were recorded at an inappropriate amount.

Class Size Characteristics (Schedule 2)

Procedure #2

We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a random sample of 10 classes to the October 1st roll books for those classes and observed that the class was properly classified on the schedule.

Results of Procedure #2

No discrepancies were noted between the classes reported on the Schedule and those in the roll books.

Education Levels/Experience of Public School Staff (No Schedule)

Procedure #3

We 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. We then selected a sample of 15 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing.

Results of Procedure #3

No differences were noted between the PEP data information provided and the information in the personnel files.

Public School Staff Data: Average Salaries (No Schedule)

Procedure #4

We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers including their 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. We then selected 15 individuals, traced to each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Results of Procedure #4

No differences were noted between the salary information reported on the PEP data report provided by management and the supporting records.

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

This 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 Greater Grace Charter Academy, 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 Legislative Auditor as a public document.

Daigrepoint & Brian, APAC

Daigrepoint & Brian
Baton Rouge, LA

November 18, 2019

GREATER GRACE CHARTER ACADEMY, INC.
VACHERIE, LA

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2019

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. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

**Greater Grace Charter Academy, Inc.
Vacherie, LA**

**General Fund Instructional and Support Expenditures and Certain Local Revenue Sources
For the Year Ended June 30, 2019**

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	322,184	
Other Instructional Staff Activities	53,778	
Instructional Staff Employee Benefits	48,319	
Purchased Professional and Technical Services	29,259	
Instructional Materials and Supplies	33,046	
Instructional Equipment	1,277	
Total Teacher and Student Interaction Activities		\$ 487,864
Other Instructional Activities		-
Pupil Support Activities	6,047	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		6,047
Instructional Staff Services	22,606	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		22,606
School Administration		
Less: Equipment for School Administration	220,562	
Net School Administration		220,562
Total General Fund Instructional Expenditures (Total of Column B)		\$ 737,079
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		\$ 1,277

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

**Greater Grace Charter Academy, Inc.
Vacherie, LA**

**Class Size Characteristics
As of October 1st, 2018**

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	100%	36						
Combination Activity Classes	100%	9						

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.

DAIGREPONT & BRIAN

A Professional Accounting Corporation

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
Greater Grace Charter Academy, Inc.

We have performed the procedures enumerated below, which were agreed to by the management of Greater Grace Charter Academy, Inc. and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Organization's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures):
 - 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 records, including leave and overtime worked.
 - f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
 - g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
 - h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
 - i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations,

and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.

- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. Note: Debt service requirements are not applicable to nonprofits.
- k) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Exception: Policies and Procedures addressed all areas detailed above with the exception of i) Ethics and k) Disaster Recovery/ Business Continuity

Management's Response: We will update our policies and procedures manual to appropriately include a code of ethics.

Board or Finance Committee

- 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.

Exception: The board did not meet with a quorum on a monthly basis.

Management's Response: We have reviewed this independent accountant's report on applying agreed-upon procedures and agree with the exceptions noted. We will review our policies and procedures and update accordingly to include the best practices suggested by the Louisiana Legislative Auditor.

- a) 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.*

Results: No exceptions noted as a result of applying these procedures.

- b) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.

Results: No exceptions noted as a result of applying these procedures.

Bank Reconciliations

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

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 selected each account, and observe that:
 - a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Collections

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

3. 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).
5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
 - e) Trace the actual deposit per the bank statement to the general ledger.

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

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

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).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures

relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
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.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

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.

Results: The School did not use any cards during the fiscal year, therefore this procedure is not applicable.

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

Results: The School did not use any cards during the fiscal year, therefore this procedure is not applicable.

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). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: The School did not use any cards during the fiscal year, therefore this procedure is not applicable.

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

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

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).
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
 - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Contracts

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Payroll and Personnel

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

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.
17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
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'

cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

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.

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.

Results: No exceptions were noted as a result of applying these procedures.

- 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.

Exception: No signature verification that the employee completed an hour of the ethics training.

Management's Response: We have reviewed this independent accountant's report on applying agreed-upon procedures and agree with the exceptions noted above. We will review our policies and procedures and update accordingly to include the best practices suggested by the Louisiana Legislative Auditor.

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.

Results: No bonds/notes outstanding during the fiscal period.

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 (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: No bonds/notes outstanding during the fiscal period.

Other

Note: In the prior year, no exceptions were noted as a result of applying these procedures. Therefore, we are not required to test these procedures in the current year.

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.
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

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

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

Daigrepoint & Brian, APAC

Daigrepoint & Brian, APAC
Baton Rouge, LA

November 18, 2019