

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING FINANCIAL STATEMENTS
For the Year Ended June 30, 2018



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To the Board of Directors
Community School for Apprenticeship Learning, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidating financial statements of Community School for Apprenticeship Learning, Inc. and its Subsidiary (a nonprofit organization), which comprise the consolidating statement of financial position as of June 30, 2018, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidating financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidating 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 consolidating financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidating 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 consolidating financial statements referred to above present fairly, in all material respects, the financial position of Community School for Apprenticeship Learning, Inc. and Subsidiary as of June 30, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Supplementary and Other Information**

Our audit was conducted for the purpose of forming an opinion on the consolidating financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidating 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 consolidating financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidating financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidating financial statements or to the consolidating 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 consolidating financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head, Political Subdivision Head, or Chief Executive Officer is required by Louisiana Revised Statute 24:513 (A)(3) and is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of Community School for Apprenticeship Learning, Inc. and its Subsidiary's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community School for Apprenticeship Learning, Inc. and Subsidiary's internal control over financial reporting and compliance.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 31, 2018

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
(See Notes to Financial Statements)
June 30, 2018

ASSETS

	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
CURRENT ASSETS:				
Cash	\$ 11,613,736	\$ -	\$ -	\$ 11,613,736
Accounts Receivable - MFP	153,755	-	-	153,755
Accounts Receivable - Federal Programs	445,557	-	-	445,557
Prepaid Expenses	94,943	-	-	94,943
TOTAL CURRENT ASSETS	12,307,991	-	-	12,307,991
PROPERTY AND EQUIPMENT:				
Land and Land Improvements	684,250	-	-	684,250
Buildings and Leasehold Improvements	6,180,132	1,995,966	-	8,176,098
Construction in Process	1,099,928	-	-	1,099,928
Furniture and Fixtures	210,757	-	-	210,757
Equipment	592,046	-	-	592,046
Other Fixed Assets	5,524	-	-	5,524
Landscaping	1,519	-	-	1,519
Land and Land Improvements - Virtual Academy	289,460	-	-	289,460
Buildings and Leasehold Improvements - Virtual Academy	1,842,698	-	-	1,842,698
Equipment - Virtual Academy	293,383	-	-	293,383
Furniture - Virtual Academy	7,479	-	-	7,479
TOTAL PROPERTY AND EQUIPMENT	11,207,176	1,995,966	-	13,203,142
Less Accumulated Depreciation	1,720,732	332,369	-	2,053,101
NET PROPERTY AND EQUIPMENT	9,486,444	1,663,597	-	11,150,041
OTHER ASSETS				
Due from Related Party	1,432,369	-	(1,432,369)	-
TOTAL ASSETS	\$ 23,226,804	\$ 1,663,597	\$ (1,432,369)	\$ 23,458,032

LIABILITIES AND NET ASSETS

	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
CURRENT LIABILITIES:				
Accounts Payable	\$ 400,708	\$ -	\$ -	400,708
Accrued Payroll Taxes	55,588	-	-	55,588
Payroll Liabilities	79,865	-	-	79,865
Credit Card Payable	13,847	-	-	13,847
TOTAL CURRENT LIABILITIES	550,008	-	-	550,008
NON-CURRENT LIABILITIES				
Due to Related Party	-	1,432,369	(1,432,369)	-
TOTAL LIABILITIES	550,008	1,432,369	(1,432,369)	550,008
NET ASSETS:				
Unrestricted	22,676,796	231,228	-	22,908,024
TOTAL NET ASSETS	22,676,796	231,228	-	22,908,024
TOTAL LIABILITIES AND NET ASSETS	\$ 23,226,804	\$ 1,663,597	\$ (1,432,369)	\$ 23,458,032

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF ACTIVITIES

(See Notes to Financial Statements)

For the Year Ended June 30, 2018

	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
CHANGES IN UNRESTRICTED NET ASSETS				
PUBLIC SUPPORT REVENUES AND OTHER SUPPORT:				
MFP School Payments	\$ 26,624,544	\$ -	\$ -	\$ 26,624,544
Support from Federal Programs	1,963,869	-	-	1,963,869
Support from State Programs	123,377	-	-	123,377
MFP Food Payments	16,070	-	-	16,070
Interest Income	159	-	-	159
Rental Income	-	-	-	-
Miscellaneous Income	12,186	-	-	12,186
TOTAL PUBLIC SUPPORT REVENUES AND OTHER SUPPORT	28,740,205	-	-	28,740,205
EXPENDITURES:				
Program Expenses	15,721,970	52,567	-	15,774,537
Administrative Expenses	7,945,361	-	-	7,945,361
TOTAL EXPENDITURES	23,667,331	52,567	-	23,719,898
INCREASE IN UNRESTRICTED NET ASSETS	5,072,874	(52,567)	-	5,020,307
UNRESTRCITED NET ASSETS- BEGINNING OF YEAR	17,603,922	283,795	-	17,887,717
UNRESTRICTED NET ASSETS-END OF YEAR	\$ 22,676,796	\$ 231,228	\$ -	\$ 22,908,024

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

(See Notes to Financial Statements)

For the Year Ended June 30, 2018

	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
EXPENDITURES:				
PROGRAM AND INSTRUCTIONAL EXPENSES:				
Salaries	\$ 6,487,200	\$ -	\$ -	6,487,200
Substitute Teachers	76,733	-	-	76,733
Payroll Taxes	299,500	-	-	299,500
Retirement	935,644	-	-	935,644
Health Insurance	960,323	-	-	960,323
Worker's Compensation Insurance	21,578	-	-	21,578
Depreciation and Amortization	319,634	52,567	-	372,201
Regular Program Expenditures	6,269,047	-	-	6,269,047
Special Education Expenditures	57,603	-	-	57,603
Career and Technology Education Expenditures	19,798	-	-	19,798
Other Instructional Expenditures	148,560	-	-	148,560
Rent	-	-	-	-
Non-Instructional: Food Service Operations	126,349	-	-	126,349
TOTAL PROGRAM EXPENSES	15,721,970	52,567	-	15,774,537
SUPPORT AND ADMINISTRATIVE EXPENSES:				
Salaries	1,374,495	-	-	1,374,495
Payroll Taxes	62,716	-	-	62,716
Retirement	195,925	-	-	195,925
Health Insurance	181,443	-	-	181,443
Worker's Compensation Insurance	4,519	-	-	4,519
Pupil Support Services	381,848	-	-	381,848
Instructional Staff Services	2,960	-	-	2,960
General Administration	157,437	-	-	157,437
School Administration	4,148,012	-	-	4,148,012
Business Services	97,458	-	-	97,458
Operation and Maintenance of Plant Services	626,711	-	-	626,711
Student Transportation Services	606,774	-	-	606,774
Central Services	9,787	-	-	9,787
Indirect Costs	58,995	-	-	58,995
Facility Acquisition & Construction Services	36,283	-	-	36,283
TOTAL ADMINISTRATIVE EXPENSES:	7,945,361	-	-	7,945,361
OTHER EXPENSES:				
Loss on Sale of Land	-	-	-	-
TOTAL EXPENDITURES	\$ 23,667,331	\$ 52,567	\$ -	\$ 23,719,898

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

CONSOLIDATING STATEMENT OF CASH FLOWS
(See Notes to Financial Statements)
For the Year Ended June 30, 2018

	Community School for Apprenticeship Learning	Making Education Count, Inc.	Eliminations	Consolidating Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received for MFP	\$ 26,644,448	\$ -	\$ -	\$ 26,644,448
Cash Received from Federal Grants	1,801,276	-	-	1,801,276
Cash Received from State Grants	123,377	-	-	123,377
Cash Received from Other Sources	12,186	-	-	12,186
Cash Received for Rent	-	-	-	-
Interest Received	159	-	-	159
Cash Paid to Employees	(7,861,695)	-	-	(7,861,695)
Cash Paid for Goods and Services	(15,192,492)	-	-	(15,192,492)
NET CASH PROVIDED BY OPERATING ACTIVITIES:	5,527,259	-	-	5,527,259
CASH FLOWS FROM INVESTING ACTIVITIES:				
Payments for Land	-	-	-	-
Payments for Buildings and Improvements	(1,199,400)	-	-	(1,199,400)
Payments for Equipment	(39,632)	-	-	(39,632)
Payments for Furniture and Fixtures	-	-	-	-
Loans (to)/from Parent/Subsidiary	-	-	-	-
NET CASH USED BY INVESTING ACTIVITIES	(1,239,032)	-	-	(1,239,032)
NET INCREASE IN CASH	4,288,227	-	-	4,288,227
BEGINNING CASH BALANCE	7,325,509	-	-	7,325,509
ENDING CASH BALANCE	\$ 11,613,736	\$ -	\$ -	\$ 11,613,736

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Community School for Apprenticeship Learning, Inc. (CSAL) is an independent public middle school with a charter to operate in East Baton Rouge Parish expiring June 30, 2026. During the 2017-2018 school year, CSAL had an enrollment of teaches using a project based instruction as one of the primary tools of delivery.

During 2009, the School applied for and received a Type 2 charter to operate a public high school in East Baton Rouge Parish. At the High School, students focus on either a liberal arts or a math/science student track, with their senior year focusing on the specific academic track and allowing students to intern with local companies to get experience and exposure in the workplace in areas related to their academic track. MPA received a renewal charter to operate in East Baton Rouge Parish expiring June 30, 2021.

During 2011, the School applied for and received a Type 2 charter to operate Louisiana Virtual Charter Academy (LAVCA), a public virtual school operated in Louisiana for grades Kindergarten through eleventh grade. The school operates through a partnership with K12 through an online instructional program. LAVCA has a charter to operate in Louisiana expiring June 30, 2019.

The School is a nonprofit school as described in Section 501 (c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. Making Education Count, Inc. (MEC) was organized to obtain a loan to construct a gym for Community School for Apprenticeship Learning. MEC is a nonprofit school as described in Section 501 (c) (2) of the Internal Revenue Code and is exempt from federal and state income taxes.

Principles of Consolidation – The accompanying financial statements reflect the consolidating financial statements of Community School for Apprenticeship Learning, Inc. (School) and Making Education Count, Inc. (Subsidiary). The Board of Directors for the School is also the Board of Directors for the Subsidiary. Material inter-company transactions have been eliminated.

Basis of Accounting – The financial statements were prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets are resources that are free of donor-imposed or time restrictions and are available at the directions of the governing board. Temporarily restricted assets are resourced that are limited by donor-imposed stipulations that either expires by passage of time or can be fulfilled and removed by specific action pursuant to those stipulations. Permanently restricted assets are those resources whose use is limited to donor-imposed stipulations that neither expires by passage of time nor can be fulfilled or otherwise removed by specific action.

Support – The school is issued monthly per pupil Minimum Foundation Program (MFP) distributions as determined by the State Department of Education and the East Baton Rouge Parish School Board. The distribution is based on the October 1 enrollment and is adjusted accordingly for any State Department of Education audit adjustments. The School also applies for various grants from the private and public sector. The grants are for specific items and are nonrecurring.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations – For the year ended June 30, 2018, the School received approximately 10% of its annual revenue from the East Baton Rouge Parish School Board and 88% from State of Louisiana Department of Education funding.

For the year ended June 30, 2018, LAVCA maintains a contract with one supplier for all of their instructional materials and supplies.

Contributions – Contributions received are allocated as restricted or unrestricted based on the donors' stipulations.

Donated Services – No amounts have been reflected in the financial statements for donated services. The School generally pays for services requiring specific expertise. Some Board members volunteer their time and perform a variety of tasks that assist with administrative programs.

Functional Expenses – The costs of providing various program and administrative services have been reported on a functional basis in the Consolidating Statement of Activities and the Consolidating Statement of Functional Expenses. Accordingly, certain costs have been allocated among the various program and administrative services based on estimates made by management.

Cash and Cash Equivalents – The School and Subsidiary both consider all unrestricted, highly liquid investments purchases with maturity of three months or less to be cash equivalents.

Accounts Receivable – Bad debts are charged to operations in the year in which the account is determined uncollectible. If the allowance method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements. No amounts for an allowance for bad debts have been established as the School expects to collect the balance in full.

Property and Equipment – Purchased property and equipment is recorded at cost. Acquisitions of land, buildings, and improvements in excess of \$20,000 are capitalized. Furniture and equipment in excess of a range of \$1,000 to \$5,000 are capitalized. Depreciation is calculated using the straight-line method over the estimated useful life of the assets. Estimated useful lives range from three to 10 years for most furniture, equipment, and major improvements and 39 years for buildings.

Repair and maintenance costs are expensed as incurred. When property and equipment are retired or otherwise disposed, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective year.

Construction in progress costs represent cumulative costs of projects not complete and not yet placed in service. No depreciation was taken on these capitalized costs. Construction in progress was \$1,099,928 for the year ended June 30, 2018.

Advertising – The School expenses advertising costs as they are incurred. Advertising costs during 2018 were \$480.

Use of Estimates – Management used estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could vary from the estimates that were assumed in preparing the financial statements.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
June 30, 2018

NOTE 2: ACCOUNTS RECEIVABLE

Accounts receivable - MFP at June 30, 2018 represent the amount due from the East Baton Rouge Parish School Board for June 2018 MFP net of monthly expenses paid directly to the School Board through deduction from total support.

Accounts receivable – Federal Programs at June 30, 2018 represent the amount due from various federal grants for reimbursements of expenses as of June 30, 2018.

NOTE 3: OPERATING LEASE

The School leases its facilities from the East Baton Rouge Parish School Board on a year-to-year basis. On December 18, 2008, the school entered into a new lease agreement with the school board which reduced the monthly rent charged to the school to \$100. Total rent paid during the year ended June 30, 2018 was \$1,200. The new lease agreement was extended for the same terms for until June 30, 2029. As a term of the agreement the School is responsible for utilities expense, janitorial expenses, and other repairs.

The School had a lease agreement with the Subsidiary to lease the gym facilities for \$17,175 per month through December 30, 2020. During the prior fiscal year the Subsidiary paid off their loan balance and the lease payments were no longer required by loan agreement. The Subsidiary now allows the School to use the buildings free of charge.

LAVCA leases classroom space for presentations and testing on an as needed basis and office equipment as needed on a monthly basis. Total rent paid to outside parties for 2018 totaled \$93,725.

Not including rent paid by the School to the Subsidiary, estimated annual rental obligation for the next five years is \$1,200 each year.

NOTE 4: RETIREMENT PLAN

Some School employees of CSAL and MPA are covered by the Teachers' Retirement System of Louisiana. Employees are required to defer 8% of their salary into the plan. For the year ended June 30, 2018, the School contributed an additional 26.6% for most employees, depending on the plan they participate in. School employees who work for LAVCA participate in a 403(b) plan. The School contributes 5% of employees' salaries into the plan. During the year ended June 30, 2018, the School contributed \$1,131,881 into all the retirement plans.

NOTE 5: INCOME TAXES

On July 1, 2009, the Organization adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out a consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions. The Organization's administration recognizes the effect of income tax positions only if the positions are more likely than not of being sustained. Recognized income tax positions are recorded at the largest amount that is greater than 50% likely of being realized. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. The Organization's administration has evaluated its position regarding the accounting for uncertain income tax positions. The Organization's administration does not believe that it has any uncertain tax positions. With few exceptions, the Organization is no longer subject to federal, state, or local tax examinations by tax authorities for years before June 30, 2015.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

NOTES TO CONSOLIDATING FINANCIAL STATEMENTS
June 30, 2018

NOTE 6: SUPPLEMENTAL DISCLOSURE OF CONSOLIDATED CASH FLOW INFORMATION

Reconciliation of increase in net assets to net cash provided by operating activities:

	<u>2018</u>
Increase in Net Assets	\$5,020,307
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	372,201
Decrease in Accounts Receivable – MFP	3,834
Increase in Accounts Receivable – Federal Programs	(162,593)
Decrease in Prepaid Expenses	51,090
Increase in Accounts Payable	297,283
Decrease in Payroll Taxes Payable	(44,878)
Increase in Payroll Liabilities	8,538
Decrease in Credit Card Payable	(18,229)
Decrease in Other Payable	<u>(294)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$5,527,259</u>

NOTE 7: CONCENTRATION OF CREDIT RISK

During the year, the School and the Subsidiary maintained cash balances at one financial institution. As of June 30, 2018, the balances at the financial institution were in excess of the FDIC insurance limit.

NOTE 8: COMMITMENTS

On June 30, 2017, the School entered a construction contract agreement for the labor, materials, tools, equipment, and supplies required to complete the Madison Prep Practice Gym for \$1,318,764. The School will not finance the construction but will pay as expenses are incurred.

NOTE 10: SUBSEQUENT EVENTS

LAVCA has had two D ratings and has received notice that their charter will not be renewed after it expires in June 2019. Management has appealed the decision to the Board of Elementary Secondary and Education and are expecting a decision in January 2019. If the charter is not renewed, management will continue to operate the remaining two schools.

The School has evaluated all subsequent events through December 31, 2018, the date the financial statements were available to be issued.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(See Independent Auditors' Report)
For the Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Education - Title I - Part A Title I Grants to Local Educational Agencies Louisiana Department of Education	84.010A	681	\$ 1,193,786	\$ -
U.S. Department of Education - IDEA Part B Special Education-Grants to States Louisiana Department of Education	84.027	681	412,629	-
U.S. Department of Education - IDEA Preschool Louisiana Department of Education	84.173A	681	435	-
U.S. Department of Education - Title II Title II, Part A, Teacher and Principal Training and Recruiting Fund Louisiana Department of Education	84.367A	681	248,749	-
U.S. Department of Education- Title IV- Part A Title IV Grants to Local Educational Agencies Louisiana Department of Education	84.424A	681	5,500	-
U.S. Department Of Agriculture - School Lunch Program	10.555	N/A	102,770	-
Total			<u>\$ 1,963,869</u>	<u>\$ -</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community School for Apprenticeship Learning, Inc. and is presented on the accrual basis of accounting. The information in this schedule is in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principle, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of Community School for Apprenticeship Learning, it is intended to and does not present the financial position, changes in net assets, or cash flows of Community School for Apprenticeship Learning, Inc.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the accompanying schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Community School for Apprenticeship Learning, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS, AND OTHER PAYMENTS TO
AGENCY HEAD, POLITICAL SUBDIVISION HEAD, OR CHIEF EXECUTIVE OFFICER
(See Independent Auditors' Report)
For the Year Ended June 30, 2018

Agency Head: Dujan Johnson, Chief Executive Officer

	<u>Totals</u>
<u>PURPOSE</u>	
Benefits - Medical Insurance	\$ 12,809
Benefits - Retirement	46,349
Travel Reimbursements	727
Salary	219,402
TOTAL PAYMENTS TO AGENCY HEAD	<u>\$ 279,287</u>

No board members were paid for any services.



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*

To the Board of Directors
Community School of Apprenticeship Learning, Inc.
Baton Rouge, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidating financial statements of Community School of Apprenticeship Learning, Inc. and Subsidiary (a nonprofit organization), which comprise the consolidating statement of financial position as of June 30, 2018, and the related consolidating statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 31, 2018



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Community School for Apprenticeship Learning, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited Community School of Apprenticeship Learning, Inc. and Subsidiary's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Community School of Apprenticeship Learning and Subsidiary's (the School) major federal programs for the year ended June 30, 2018. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 31, 2018

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X
- Significant deficiency(ies) identified? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditors' report issued on compliance for major federal programs: **Unmodified Opinion**

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)? _____ Yes X No

Identification of major federal programs: Title I, Part A CFDA 84.010A

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS

None reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None reported.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2018

FINDINGS—FINANCIAL STATEMENT AUDIT

No findings reported

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

No findings reported.

No questioned costs reported.

COMMUNITY SCHOOL FOR APPRENTICESHIP LEARNING, INC. and SUBSIDIARY
Baton Rouge, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2018

Finding 2017-001

For the year ended June 30, 2017, management and the accounting service provided were not properly reconciling asset and liability accounts and intercompany transactions. This caused the liabilities, fixed assets, revenues, and expenses to be improperly stated. Proper internal controls should be in place to provide reasonable assurance that asset and liability accounts are properly reconciled and that the reconciliations are timely reviewed by management.

Auditors' Recommendation: We recommend procedures that implement required reconciliations of all major asset and liability accounts. We recommend that intercompany transactions should be recorded through a clearing account and reconciled. Management should request and review reconciliations and general ledger detail each month.

Corrective Action Taken: Management has reviewed the findings and agrees with the recommended procedures. Management had expanded the reconciliation procedures and all accounts are being reconciled timely now.

Independent Accountants' Report
on Applying Agreed-Upon Procedures

To the Board of Directors
Community School for Apprenticeship Learning, Inc.,
The Louisiana Department of Education, and
The Louisiana Legislative Auditor
Baton Rouge, Louisiana

We have performed the procedures enumerated below, which were agreed to by Community School for Apprenticeship Learning (the School); the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of the School for the fiscal year ended June 30, 2018; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514 I. Management of the School is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures were performed on data relating to Madison Preparatory Academy and Louisiana Virtual Charter Academy and not Community School for Apprenticeship Learning Middle School for the year ended June 30, 2018. Both Madison Preparatory Academy and Louisiana Virtual Charter Academy are schools operated by Community School for Apprenticeship Learning.

The procedures and associated findings are as follows:

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

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

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation Revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Results: No exceptions were found.

Class Size Characteristics (Schedule 2)

1. 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 1 roll books for those classes and determined if the class was properly classified on the schedule.

Results: Nine of the ten class roll books had less students than the size as reported to the Louisiana Department of Education. Two of the ten were classified on the schedule in the wrong class size range.

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

2. We obtained the October 1st PEP data submitted to the Department of Education, 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 was complete. We then selected a sample of 25 individuals and traced the education and experience reported to their personnel files.

Results: One of the twenty-five teachers had the correct education level listed on the PEP data but did not have supporting documentation in their personnel file. One of the twenty-five teachers has the correct education documented in their personnel file but did not have the correct education level listed on the PEP data.

Public School Staff Data: (No Schedule)

3. We obtained the October 1st PEP data submitted to the Department of Education, of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained managements representation that the data was completed. We then selected a sample of 25 individuals and traced the salary and extra compensation to ensure they were properly included on the PEP data.

Results: No exceptions were found.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on 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.

This report is intended solely for the use of management of Community School for Apprenticeship Learning, 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.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 31, 2018

Community School for Apprenticeship Learning, Inc.
Baton Rouge, Louisiana
Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2018

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

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

Schedule 2 - Class Size Characteristics

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

Schedule 1a

CSAL, Inc. (Madison-343) PARISH SCHOOL BOARD
Baton Rouge, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2018**

<u>General Fund Instructional and Equipment Expenditures</u>	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$1,575,122	
Other Instructional Staff Salaries	\$182,847	
Instructional Staff Employee Benefits	\$663,241	
Purchased Professional and Technical Services	\$16,508	
Instructional Materials and Supplies	\$161,277	
Instructional Equipment	\$23,639	
Total Teacher and Student Interaction Activities	<u> </u>	\$2,622,634
Other Instructional Activities		\$167,065
Pupil Support Services	\$214,512	
Less: Equipment for Pupil Support Services	<u> \$0</u>	
Net Pupil Support Services		\$214,512
Instructional Staff Services	\$90,467	
Less: Equipment for Instructional Staff Services	<u> \$0</u>	
Net Instructional Staff Services		<u> \$90,467</u>
School Administration	\$446,158	
Less: Equipment for School Administration	<u> \$4,190</u>	
Net School Administration		<u> \$441,968</u>
Total General Fund Instructional Expenditures (Total of Column B)		<u> \$3,536,646</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u> \$10,030</u>
 <u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Ad Valorem Taxes		
Constitutional Ad Valorem Taxes		\$0
Renewable Ad Valorem Tax		\$0
Debt Service Ad Valorem Tax		\$0
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		\$0
Result of Court Ordered Settlement (Ad Valorem)		\$0
Penalties/Interest on Ad Valorem Taxes		\$0
Taxes Collected Due to Tax Incremental Financing (TIF)(Ad Valorem)		\$0
Sales Taxes		
Sales and Use Taxes - Gross		\$0
Sales/Use Taxes - Court Settlement		\$0
Penalties/Interest on Sales/Use Taxes		\$0
Sales/Use Taxes Collected Due to TIF		\$0
Total Local Taxation Revenue		<u> \$0</u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$0
Earnings from Other Real Property		<u> \$0</u>
Total Local Earnings on Investment in Real Property		<u> \$0</u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$0
Revenue Sharing - Other Taxes		\$0
Revenue Sharing - Excess Portion		\$0
Other Revenue in Lieu of Taxes		<u> \$0</u>
Total State Revenue in Lieu of Taxes		<u> \$0</u>
Nonpublic Textbook Revenue		<u> \$0</u>
Nonpublic Transportation Revenue		<u> \$0</u>

Schedule 1b

CSAL, Inc. (LAVCA - WAG) PARISH SCHOOL BOARD
Baton Rouge, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2018__**

<u>General Fund Instructional and Equipment Expenditures</u>	Column A	Column B
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$2,844,644	
Other Instructional Staff Salaries	\$170,149	
Instructional Staff Employee Benefits	\$582,667	
Purchased Professional and Technical Services	\$3,932,696	
Instructional Materials and Supplies	\$1,795,125	
Instructional Equipment	\$99	
Total Teacher and Student Interaction Activities	\$9,325,380	\$9,325,380
Other Instructional Activities		\$0
Pupil Support Services	\$1,091,671	
Less: Equipment for Pupil Support Services	\$0	
Net Pupil Support Services		\$1,091,671
Instructional Staff Services	\$0	
Less: Equipment for Instructional Staff Services	\$0	
Net Instructional Staff Services		\$0
School Administration	\$3,642,924	
Less: Equipment for School Administration	\$1,119	
Net School Administration		\$3,641,805
Total General Fund Instructional Expenditures (Total of Column B)		\$14,058,856
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		\$0
 <u>Certain Local Revenue Sources</u>		
Local Taxation Revenue:		
Advalorem Taxes		
Constitutional Ad Valorem Taxes		\$0
Renewable Ad Valorem Tax		\$0
Debt Service Ad Valorem Tax		\$0
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		\$0
Result of Court Ordered Settlement (Ad Valorem)		\$0
Penalties/Interest on Ad Valorem Taxes		\$0
Taxes Collected Due to Tax Incremental Financing (TIF)(Ad Valorem)		\$0
Sales Taxes		
Sales and Use Taxes - Gross		\$0
Sales/Use Taxes - Court Settlement		\$0
Penalties/Interest on Sales/Use Taxes		\$0
Sales/Use Taxes Collected Due to TIF		\$0
Total Local Taxation Revenue		\$0
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$0
Earnings from Other Real Property		\$0
Total Local Earnings on Investment in Real Property		\$0
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$0
Revenue Sharing - Other Taxes		\$0
Revenue Sharing - Excess Portion		\$0
Other Revenue in Lieu of Taxes		\$0
Total State Revenue in Lieu of Taxes		\$0
Nonpublic Textbook Revenue		\$0
Nonpublic Transportation Revenue		\$0

CSAL, Inc.
Madison Preparatory Academy
Baton Rouge, Louisiana

Class Size Characteristics
As of October 1, 2017

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	28.1%	47	34.7%	58	37.1%	62		
High Activity Classes	57.9%	11	10.5%	2	26.3%	5	5.3%	1
Combination								
Combination Activity Classes								

CSAL, Inc.
Louisiana Virtual Charter Academy
Baton Rouge, Louisiana

Class Size Characteristics
As of October 1, 2017

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	35.9%	47	1.5%	2	2.3%	3	60.3%	79
Combination Activity Classes	25.0%	1					75.0%	3

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.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of Community School for Apprenticeship Learning, Inc. and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Community School for Apprenticeship Learning, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, 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 – Not applicable due to no exceptions in prior year

1. Obtain and inspect the Entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the Entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
Not applicable due to no exception in prior year.
 - 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.
Not applicable due to no exception in prior year.
 - c) **Disbursements**, including processing, reviewing, and approving
Not applicable due to no exception in prior year.
 - d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
Not applicable due to no exception in prior year.
 - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Not applicable due to no exception in prior year.

- 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
Not applicable due to no exception in prior year.
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)
Not applicable due to no exception in prior year.
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Not applicable due to no exception in prior year.
- 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.
Not applicable due to no exception in prior year.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
Not applicable due to no exception in prior year.

Board (or Finance Committee, if applicable)

- 2. Obtain and review 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) Report whether the managing 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: Two of the twelve meetings did not have a quorum present.
Management's Response/Corrective Action: Board meetings are held monthly with an anticipated quorum presence from its members.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Entity's collections during the fiscal period.
No Exceptions Noted.

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

Not Applicable.

Bank Reconciliations

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete.

No Exceptions Noted.

Ask management to identify the Entity's main operating account and then select four additional accounts (or all accounts if less than five). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for that month for each chosen account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date (e.g., initialed and dated, electronically logged);

Exception: One of the reconciliations was not prepared within two months of the statement.

Management's Response/Corrective Action: Management will work to reconcile all accounts in a timely manner to ensure accurate reporting.

- 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,

Exception: One of the reconciliations did not show management/board review.

Management's Response/Corrective Action: Management will work to reconcile all accounts in a timely manner to ensure accurate reporting.

- 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.

No Exceptions Noted.

Collections

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

No Exceptions Noted.

5. For each deposit site selected, obtain a listing of the collection locations (physical location where cash is collected) and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to job duties (if not policies, inquire of employees) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees that are responsible for cash collections do not share cash drawers/registers.
No Exceptions Noted.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
No Exceptions Noted.
 - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.
No Exceptions Noted.
 - 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.
Not Applicable.
6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.
No Exceptions Noted.
7. Randomly select two deposit dates for each of the five 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.
No Exceptions Noted.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
Exception: Three of the nine deposits tested did not have collection documentation.
Management's Response/Corrective Action: The organization does not use sequentially pre-numbered receipts when collecting money from families (fees, summer school, etc.). Receipts are not used for concessions, games, etc.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
No Exceptions Noted.

- 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).

Exception: Four of the nine deposits tested contained collections that were not deposited within one business day. Three of the nine deposits tested did not contain collection documentation that could be compared to the deposit date.

Management's Response/Corrective Action: Deposits are made weekly due to administrative office not being in the same location as the schools.

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

No Exceptions Noted.

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

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

No Exceptions Noted.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

No Exceptions Noted.

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

No Exceptions Noted.

- 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.

Exception: The outside CPA is allowed to process payments and add/modify vendor files in QuickBooks.

Management's Response/Corrective Action: Management reviews the payables report listing and authorizes the addition of approved vendors.

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

No Exceptions Noted.

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 five disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
No Exceptions Noted.
 - b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #8, as applicable.
No Exceptions Noted.

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.
No Exceptions Noted.
12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
No Exceptions Noted.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
No Exceptions Noted.
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).
Exception: Three out of the five cards tested had missing receipts.
Management's Response/Corrective Action: Management will review C/C procedures to get better controls over staff usage and accountability.

Travel and Travel-Related Expense Reimbursements (excluding card transactions) – *Not applicable due to no exceptions in prior 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 five reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the five 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).
Not applicable due to no exception in prior year.
 - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
Not applicable due to no exception in prior year.
 - 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).
Not applicable due to no exception in prior year.
 - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
Not applicable due to no exception in prior year.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) 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.
Not Applicable.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
No Exceptions Noted.
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
Not Applicable.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No Exceptions Noted.

Payroll and Personnel

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

No Exceptions Noted.

17. Randomly select one pay period during the fiscal period. For the five 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.)

Exception: One out of five employees tested for daily attendance was administrative staff who do not record daily attendance.

Management's Response/Corrective Action: The leave has to be approved for all employees by their direct supervisor and then through our HR system by the business manager. Other than that, they are in attendance and on duty. Management disagrees with this exception.

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

Exception: Two out of five employees tested for daily attendance were not approved by a supervisor.

Management's Response/Corrective Action: The leave has to be approved for all employees by their direct supervisor and then through our HR system by the business manager. Other than that, they are in attendance and on duty. Management disagrees with this exception.

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

No Exceptions Noted.

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

Not Applicable.

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.

No Exceptions Noted.



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.
Not Applicable.
 - 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.
Not Applicable.

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.
Not Applicable.
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.
Not Applicable.

Other

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Entity is domiciled.
Not Applicable.
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.
No Exceptions Noted.

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.

TWRU

CPAs & Financial Advisors
Baton Rouge, Louisiana
December 31, 2018