

Pelican Educational Foundation, Inc.

FINANCIAL STATEMENTS

For the Year Ended June 30, 2018



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Pelican Educational Foundation, Inc.
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June 30, 2018

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Report



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

We have audited the accompanying financial statements of Pelican Educational Foundation, Inc. (the Foundation) (a nonprofit organization) (d/b/a Kenilworth Science & Technology Charter School), which comprise the Statement of Financial Position at June 30, 2018, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller 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 auditors' 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 Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 the Foundation as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

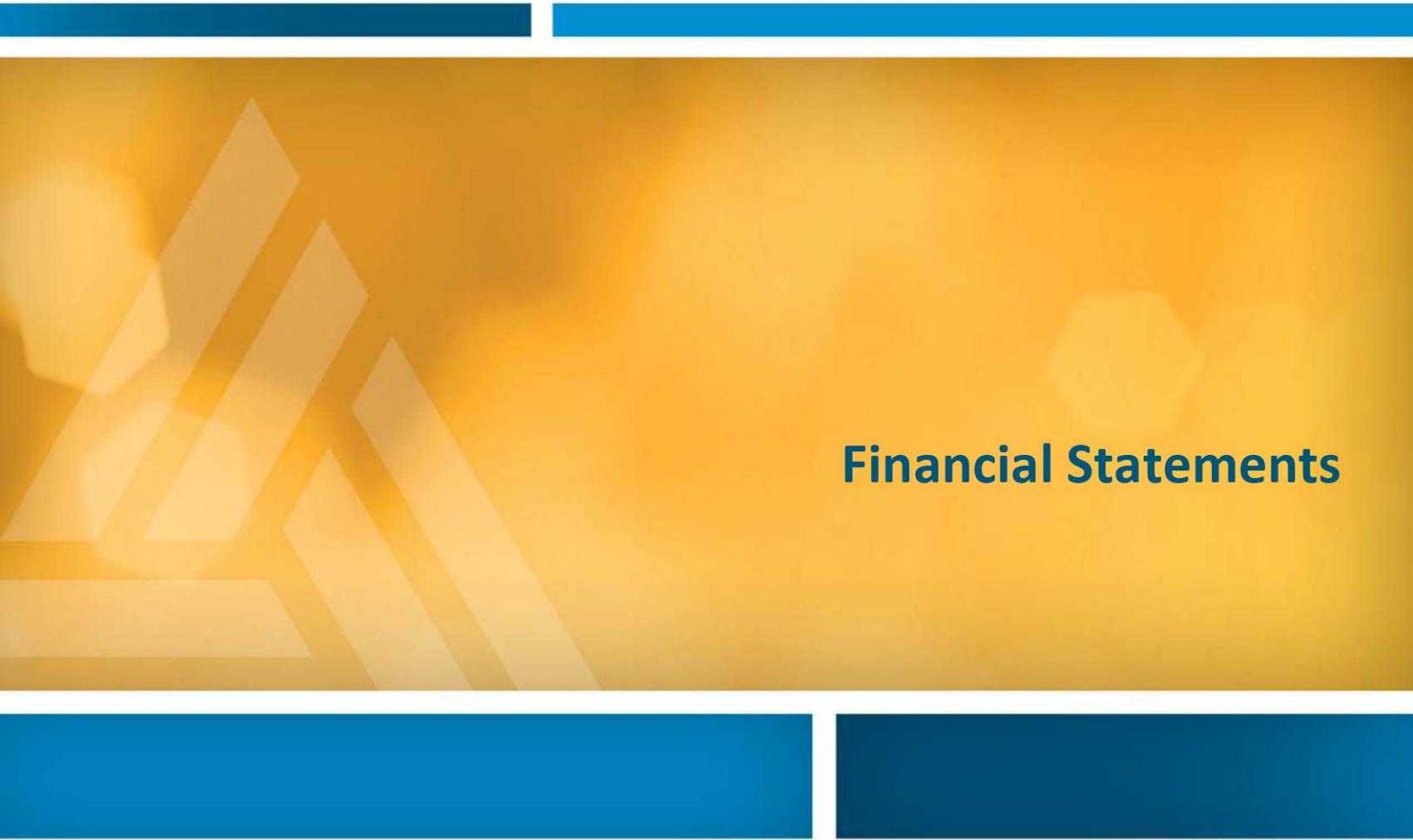
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of agency head compensation is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of 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 27, 2018, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

December 27, 2018



Financial Statements

Pelican Educational Foundation, Inc.
Statement of Financial Position

June 30,

2018

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 1,717,112
Cash restricted for student activities	31,910
Grants receivable	68,247
Other receivable	48,718
Total current assets	1,865,987
PROPERTY AND EQUIPMENT, net	101,199
TOTAL ASSETS	\$ 1,967,186
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 44,273
Accrued expenses	442,231
Total current liabilities	486,504
TOTAL LIABILITIES	486,504
NET ASSETS	
Unrestricted	1,398,840
Temporarily Restricted	81,842
TOTAL NET ASSETS	1,480,682
TOTAL LIABILITIES AND NET ASSETS	\$ 1,967,186

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

Pelican Educational Foundation, Inc.
Statement of Activities

<i>For the years ended June 30, 2018</i>	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
MFP state	\$ 1,860,574	\$ -	\$ 1,860,574
MFP local	2,986,188	-	2,986,188
Federal grants	831,882	49,932	881,814
State grants	17,397	-	17,397
Contributions and donations	5,093	-	5,093
Student activities	-	47,829	47,829
Miscellaneous	49,380	-	49,380
Net assets released from restrictions	64,039	(64,039)	-
Total revenues and support	5,814,553	33,722	5,848,275
Expenses			
Program services			
Instructional	3,117,341	-	3,117,341
Food service	285,120	-	285,120
Support			
Management and general support	2,428,820		2,428,820
Total expenses	5,831,281	-	5,831,281
CHANGE IN NET ASSETS	(16,728)	33,722	16,994
NET ASSETS - BEGINNING OF YEAR	1,415,568	48,120	1,463,688
NET ASSETS - END OF YEAR	\$ 1,398,840	\$ 81,842	\$ 1,480,682

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

Pelican Educational Foundation, Inc.
Statement of Functional Expenses

<i>For the year ended June 30, 2018</i>	Program		Support	Total
	Instructional	Food service	Management and general	
Salaries and benefits	\$ 2,424,521	\$ -	\$ 960,636	\$ 3,385,157
Student transportation services	-	-	654,870	654,870
Purchased professional services	235,860	-	290,929	526,789
Food service management	-	272,713	-	272,713
Materials and supplies	182,638	12,407	26,051	221,096
Advertising	-	-	36,246	36,246
Dues and fees	101,948	-	-	101,948
Energy	-	-	129,152	129,152
Repairs and maintenance	-	-	74,045	74,045
Rentals	-	-	60,582	60,582
Insurance	-	-	64,212	64,212
Travel	57,351	-	5,791	63,142
Communications	-	-	56,838	56,838
Other purchased services	-	-	13,604	13,604
Cleaning services	-	-	27,510	27,510
Depreciation	24,526	-	-	24,526
Utility services	-	-	14,172	14,172
Equipment	-	-	14,182	14,182
Books and periodicals	90,497	-	-	90,497
Total expenses	\$ 3,117,341	\$ 285,120	\$ 2,428,820	\$ 5,831,281

The accompanying footnotes are an integral part of this financial statement.

Pelican Educational Foundation, Inc.
Statement of Cash Flows

For the years ended June 30,

2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 16,994
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation expense	24,526
Changes in operating assets and liabilities:	
Grants receivable	(32,537)
Prepaid expenses	(40,176)
Accounts payable	(30,004)
Accrued expenses	51,984

Net cash used in operating activities	(9,213)
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(2,910)
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Net cash used in investing activities	(2,910)
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NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,123)
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CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,761,145
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CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,749,022
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RECONCILIATION TO STATEMENT OF FINANCIAL POSITION

Cash and cash equivalents	\$ 1,717,112
Restricted cash	31,910
	\$ 1,749,022

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



Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Pelican Educational Foundation, Inc. (the Foundation) (a nonprofit organization) was created as a non-profit corporation under the laws of the State of Louisiana, on November 4, 2005. On March 12, 2009, the Board of Elementary and Secondary Education approved Pelican Educational Foundation, Inc.'s application to transform Kenilworth Middle, a consistently failing public school in East Baton Rouge Parish, into a high-performing college-preparatory science and technology oriented charter school serving grades 6 through 8. Kenilworth Science & Technology Charter School (Kenilworth) began their first year of school on August 7, 2009.

The Foundation operates under the direction of a seven member board of directors. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Foundation's instructional/support facility staffed by 68 personnel who provide services to approximately 460 students.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

Income Tax Status

The Foundation is a tax exempt organization under Internal Revenue Code Section 501(c)(3) and is not subject to income tax.

Public Support and Revenue

The Foundation receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give which are estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States.

Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Support and Revenue (Continued)

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Grants receivable make up a significant portion of the Foundation's assets. Management has determined that these receivables are fully collectible, and therefore no allowance for doubtful accounts has been recorded.

Estimates

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

Cash and Cash Equivalents

Cash includes amounts in demand deposits and interest-bearing deposits. Cash equivalents include amounts in time deposits with original maturities of ninety (90) days or less.

Basis of Presentation

Financial statement presentation follows the provisions of the *Not-For-Profit Entities* Topic of FASB ASC (FASB ASC 958), which establishes external financial reporting for not-for-profit organizations, which includes three basic financial statements and the classification of resources into three separate classes of net assets, as follows:

- Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by the Foundation is limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of the Foundation pursuant to such stipulations.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

- Permanently Restricted - Net assets whose use by the Foundation is limited by donor imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of the Foundation. There were no permanently restricted net assets as of June 30, 2018.

Property and Equipment

Property and equipment are capitalized at cost and updated for additions and retirements during the year. The Foundation maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Improvements	10 years
Furniture and fixtures	7 years
Office and classroom equipment	5 years

Assets acquired with Department of Education funds are owned by the Foundation while used in the purpose for which it was purchased. The Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, title in any assets purchased with those funds will transfer to the appropriate agency.

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under this ASU, net assets will be presented in two classes: net assets with donor restrictions and net assets without donor restrictions. Underwater endowments will be included in net assets with donor restrictions and new or enhanced disclosures regarding the composition of net assets will be required. Disclosures regarding liquidity and availability of resources for general operating expenditures within one year of the date of the Statement of Financial Position must also be presented. The ASU requires expenses to be presented by both nature and function, and investment return will be presented net of investment expenses. Absent specific donor stipulations, the Foundation will use the placed-in-service approach for reporting expirations of restrictions on long-lived assets. The ASU is effective for fiscal year-ending June 30, 2019, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the Foundation's financial statements. Management is evaluating the effects of ASU 2016-14. The Foundation has not elected to early adopt this standard.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (Continued)

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230). The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update do not provide a definition of restricted cash or restricted cash equivalents. GAAP currently does not include specific guidance on the cash flow classification and presentation of changes in restricted cash or restricted cash equivalents other than limited guidance for not-for-profit entities. Specifically, there is no guidance to address how to classify and present changes in restricted cash or restricted cash equivalents that occur when there are transfers between cash, cash equivalents, and restricted cash or restricted cash equivalents and when there are direct cash receipts into restricted cash or restricted cash equivalents or direct cash payments made from restricted cash or restricted cash equivalents. The amendments in this Update are an improvement to GAAP because they provide guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows, thereby reducing the diversity in practice described above. The ASU is effective for fiscal year-ending June 30, 2020, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the Foundation's financial statements. The Foundation has elected to early adopt this standard as reflected in the Statement of Cash Flows.

Reclassification

Certain amounts in the revenues and support categories in the Statement of Activities have been reclassified to conform with the 2018 presentation with no effect on previously reported net income.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Foundation maintains its cash balances at a national financial institution. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the year ended June 30, 2018. The Foundation's cash deposits exceeded the Federal Deposit Insurance Corporation limits at various times during the year ended June 30, 2018. At June 30, 2018, the Foundation's cash deposits exceeded the Federal Deposit Insurance Corporation limits by \$1,581,513.

Pelican Educational Foundation, Inc.
Notes to the Financial Statements

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 and 2017, consisted of the following:

	2018
Building and improvements	\$ 104,900
Furniture and fixtures	117,207
Office and classroom equipment	143,591
Less: Accumulated Depreciation	(264,499)
	\$ 101,199

Depreciation expense was \$24,526 for the year ended June 30, 2018.

NOTE 4 – RETIREMENT PLAN

Employees of the Foundation are eligible to participate in the defined contribution plan administered by American United Life. The plan is a 403(b) defined contribution plan. Employees are allowed to make contributions during the year subject to limitations imposed by the IRS. The Foundation provides an Employer matching contribution of 5% of the employee's salary. The Foundation made contributions during the year ended June 30, 2018 of \$134,714.

NOTE 5 – COMPENSATED ABSENCES

All contracted employees are granted eight (8) days of sick pay per year, provided, however, that the employee is contracted for a full year. At June 30, 2018, the Foundation paid each employee for any unused sick pay the employee earned during the year.

NOTE 6 – CONTINGENCIES

The continuation of Kenilworth Science and Technology Charter School is contingent upon legislative appropriation or allocation of funds necessary to fulfill the requirements of the charter contract with the Board of Elementary and Secondary Education. If the legislature fails to appropriate sufficient monies to provide for the continuation of the charter contract, or if such appropriation is reduced by veto of the governor or by any means provided in the appropriations act to prevent the total appropriation for the year from exceeding revenues for that year, or for any other lawful purpose, and the effect of such reduction is to provide insufficient monies for the continuation of the charter contract, the contract shall terminate on the date of the beginning of the first fiscal year for which funds are not appropriated.

NOTE 7 – LEASE AGREEMENT

During the year ended June 30, 2018, the Foundation leased a building from the East Baton Rouge Parish School Board (EBRPSB) for Kenilworth Science and Technology Charter school absent of a lease agreement. The EBRPSB will forego any lease payments for the term of the lease. The agreement is classified as an exchange transaction because both parties receive significant value from the arrangement, the value of which is not readily determinable. Accordingly, the present value of the benefit to be received in future years has not been recorded.

NOTE 8 – SIGNIFICANT CONCENTRATIONS

For the year ended June 30, 2018 , the Foundation received approximately 32% of its total revenue, from State public school funds, approximately 51% of its total revenue from local sources, and approximately 11% of its total revenue from federal programs.

For the year ended June 30, 2018, the Foundation had grant receivables of approximately 92% from federal programs and 8% from State public school funds.

NOTE 9 – UNCERTAIN TAX POSITIONS

Accounting principles generally accepted in the United States of America require the Foundation's management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation's management has analyzed the tax positions taken by the Foundation and has concluded that, at June 30, 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 10 – TEMPORARILY RESTRICTED NET ASSETS

Cash Restricted For Student Activities

The Foundation maintains a separate bank account for student activities. The account is for collected student activity fees. Restricted student activity funds amounted to \$31,910, and is reported as cash restricted for student activities and as temporarily restricted net assets in the statement of financial position.

Note 10 – TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

Revenue Restricted For National School Lunch Program

For the year ended June 30, 2018, temporarily restricted net assets were comprised of cash restricted for student activities and revenue restricted for the national school lunch program. Revenue restricted for the national school lunch program amounted to \$49,932 and is reported as federal grants revenue temporarily restricted in the statement of activities and temporarily restricted net assets in the statement of financial position.

Note 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 27, 2018, and determined that no material events occurred that require disclosure. No subsequent events occurring after that date have been evaluated for inclusion of these financial statements.



Supplementary Information

Pelican Education Foundation, Inc.
Schedule of Agency Head Compensation
For the Year Ended June 30, 2018

Agency Head Name: Ibrahim Sel, Ph.D., CEO

PURPOSE	AMOUNT
Salary	\$ 93,550
Benefits-health insurance	11,228
Benefits-retirement	4,628
Deferred compensation	-
Workers comp	-
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-Fica & Medicare	-
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	2,068
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings & conventions	-
Other	-
Total	\$ 111,474

See independent auditors' report.



**REPORTS AND SCHEDULES
REQUIRED BY *GOVERNMENT*
AUDITING STANDARDS AND THE
*UNIFORM GUIDANCE***

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
Pelican Educational Foundation, 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 financial statements of Pelican Educational Foundation, Inc. (the Foundation) (a nonprofit organization) (d/b/a Kenilworth Science & Technology Charter School), which comprise the Statement of Financial Position at June 30, 2018, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation'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 Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation'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 Foundation'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 Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Caru, Riggs & Ingram, L.L.C.

December 27, 2018



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

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

Report on Compliance for The Major Federal Program

We have audited the Pelican Educational Foundation Inc.'s (the Foundation) (a nonprofit organization) (d/b/a Kenilworth Science and Technology Charter School) compliance with the types of compliance requirements described in the *Uniform Guidance* that could have a direct and material effect on the Foundation's major federal program for the year ended June 30, 2018. The Foundation's major federal program is 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Foundation's major federal program 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; and 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 Foundation'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 the major federal program. However, our audit does not provide a legal determination of the Foundation's compliance.

Opinion on The Major Federal Program

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

Report on Internal Control over Compliance

Management of the Foundation 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 Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Foundation'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 a 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.

Carly Riggs & Ingram, L.L.C.

December 27, 2018

Pelican Educational Foundation, Inc.
Schedule of Expenditures of Federal Awards

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures (\$)</i>	<i>Amount Passed Through to Subrecipient</i>	<i>Total Federal Expenditures (\$)</i>
United States Department of Education					
Title I Grants to Local Educational Agencies	84.010		\$ 320,510	\$ -	\$ 320,510
Title II Grants to Local Educational Agencies (Supporting Effective Instruction State Grants)	84.367		42,337	-	42,337
Title IV-A Safe and Drug-Free Schools and Communities Act of ESEA	84.424		10,000	-	10,000
United States Department of Education/ Special Education Cluster					
Special Education_Grants to States	84.027		145,579	-	145,579
<i>Total Department of Education</i>			518,426	-	518,426
United States Department of Agriculture/Direct Program/Child Nutrition Cluster					
National School Lunch Program	10.555		226,990	-	226,990
National School Lunch Program (Commodities)	10.555		29,368	-	29,368
School Breakfast Program	10.553		95,778	-	95,778
<i>Total Child Nutrition Cluster</i>			352,136	-	352,136
<i>Total United States Department of Agriculture</i>			352,136	-	352,136
<i>Total Expenditures of Federal Awards</i>			\$ 870,562	\$ -	\$ 870,562

*See independent auditors' report.
See accompanying Note to the Schedule of Expenditures of Federal Awards*

Pelican Educational Foundation, Inc.
Note to Schedule of Expenditures of Federal Awards

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the revenues from federal awards of the Foundation as defined in Note 1 to the Foundation's basic financial statements. All federal awards were received directly from Federal agencies.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Foundation and is presented on the accrual basis of accounting. The Foundation elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues are reported in the Foundation's basic financial statements as program revenues.

NOTE 4 – LOAN

The Foundation did not expend federal awards related to loans or loan guarantees during the year.

NOTE 5 – FEDERALLY FUNDED INSURANCE

The Foundation has no federally funded insurance.

NOTE 6 – NONCASH ASSISTANCE

The Foundation received federal noncash assistance for the fiscal year ended June 30, 2018 for USDA donated commodities in the amount of \$29,368.

Pelican Educational Foundation, Inc.
Schedule of Findings and Questioned Costs
June 30, 2018

A. SUMMARY OF AUDITORS' RESULTS

- The auditors' report expresses an unmodified opinion on the financial statements of Pelican Education Foundation, Inc. (the Foundation) (a nonprofit organization) (dba Kenilworth Science & Technology Charter School)
- There were no instances of noncompliance material to the financial statements of the School, which would be required to be disclosed under *Government Auditing Standards*, were disclosed and identified during the audit.
- No significant deficiencies relating to the audit of the major federal award program are reported in the *Independent Auditors' Report on Compliance for The Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
- The *Independent Auditors' Report on Compliance for The Major Program and on Internal Control Over Compliance Required by the Uniform Guidance* expresses an unmodified opinion on the major federal programs.
- There were no deficiencies relating to the audit of the major federal program reported in the *Independent Auditors' Report on Compliance for The Major Program and on Internal Control over Compliance Required by Uniform Guidance*.
- There were no instances of noncompliance relating to the audit of major federal programs reported in the *Independent Auditors' Report on Compliance for The Major Program and on Internal Control over Compliance Required by Uniform Guidance*.
- A management letter was not issued for the year ended June 30, 2018.
- The program tested as a major program for the year ended June 30, 2018 was:

<u>Program Title</u>	<u>CFDA No.</u>
Child Nutrition Cluster	10.553/10.555
- The threshold for distinguishing between Type A and Type B programs was \$750,000.
- The Foundation was determined to be a low-risk auditee.



Pelican Educational Foundation, Inc.
Schedule of Findings and Questioned Costs
June 30, 2018

B. FINDINGS RELATED TO FINANCIAL STATEMENTS

None noted.

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None noted.

D. MANAGEMENT LETTER

None noted.



Pelican Educational Foundation, Inc.
Summary Schedule of Prior Year Audit Findings
June 30, 2018

B. FINDINGS RELATED TO FINANCIAL STATEMENTS

None noted.

C. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

None noted.

D. MANAGEMENT LETTER

None issued.



**SCHEDULES REQUIRED BY STATE
LAW (PERFORMANCE STATISTICAL
DATA)**



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Pelican Educational Foundation, Inc.
Baton Rouge, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Pelican Educational Foundation, Inc. (the Foundation) (a nonprofit organization) who operates Kenilworth Science & Technology Charter School (the School) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the School 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. The School is responsible for the performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and results are as follows:

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

1. We will select a sample of 25 transactions, review supporting documentation, and observe that the sample expenditures/revenues are classified correctly and are reported in the proper amounts among 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, and
 - Nonpublic Transportation Revenue.

Results: No exceptions were found as a result of applying the procedure.

Class Size Characteristics (Schedule 2)

2. We will obtain a list of classes by school, school type, and class size as reported on the schedule. We will then trace a random sample of 10 classes to the October 1, 2017 roll books for those classes and observe that the class was properly classified on the schedule.

Results: No exceptions were found as a result of applying the procedure

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

3. We will obtain October 1, 2017 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 educations and experience, and obtained management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual personnel file, and observe that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

Results: CRI noted, of the 25 selections, 2 did not match the experience level in the personnel file and 1 did not match the education level in the personnel file.

Public School Staff Data: Average Salaries (No Schedule)

4. We will obtain June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtain management's representation that the data/listing is complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Results: CRI noted of the 25 teachers selected 4 salaries did not match personnel files.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. 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 information and use of management, the Louisiana Department of Education, and the Legislative Auditor, State of Louisiana, and is not intended to be 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.

Carly Riggs & Ingram, L.L.C.

December 27, 2017

Pelican Education Foundation, Inc.
Schedule 1
General Fund Instructional and Support Expenditures and
Certain Local Revenue Sources
For the Year Ended June 30, 2018

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:		
Classroom teacher salaries	\$ 1,726,517	
Other instructional staff activities	-	
Employee benefits	491,902	
Purchased professional and technical services	55,839	
Instructional materials and supplies	206,401	
Less instructional equipment	17,472	
Total teacher and student interaction activities	\$ 2,498,131	
Other instructional activities		71,189
Pupil support activities	\$ 209,934	
Less equipment for pupil support activities	-	
Net pupil support activities		209,934
Instructional Staff Services	\$ 105,245	
Less equipment for instructional staff services	-	
Net instructional staff services		105,245
School Administration	\$ 622,546	
Less: Equipment for School Administration	-	
Net school administration		622,546
Total general fund instructional expenditures		\$ 3,507,045
Total general fund equipment expenditures		\$ 17,472

Certain Local Revenue Sources:

This section is not applicable to Pelican Education Foundation, Inc.

Pelican Education Foundation, Inc.
Schedule 2
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	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Elementary Activity Classes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Middle/Jr. High	14%	17	73%	91	13%	17	-	-
Middle/Jr. High Activity Classes	16%	6	67%	25	17%	6	1%	1
High	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
High Activity Classes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Combination	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Combination Activity Classes	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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.

PELICAN EDUCATIONAL FOUNDATION, INC.

STATEWIDE AGREED-UPON PROCEDURES REPORT
June 30, 2018



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Pelican Educational Foundation, Inc.
and the Louisiana Legislative Auditor
7600 Boone Ave.
Baton Rouge, Louisiana 70808

We have performed the procedures enumerated below, which were agreed to by Pelican Educational Foundation, Inc. (the "Foundation") 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 Foundation'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 results are as follows:

Written Policies and Procedures

1. Obtain the Foundation's written policies and procedures and report whether those written policies and procedures address each of the following categories and subcategories:
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- d) **Receipts/Collections**, including reviewing, 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.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- 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

Results: No exceptions were found as a result of applying the procedure.

- 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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

Board

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:

Results: No exceptions were found as a result of applying the procedure

- 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.

Results: No exceptions were found as a result of applying the procedure.

- b) Observe that the minutes referenced or included financial activity relating to public funds comprised more than 10% of the Foundation's collections during the fiscal period.

Results: Exception noted; one (1) meeting did not reference or include financial activity relating to public funds.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing was complete. Using the listing provided by management, select all three (3) of the Foundation's bank accounts. For each of the bank accounts, select one month from the fiscal period and obtain bank statements and reconciliations and observe the following:

Results: No exceptions were found as a result of applying the procedure

- a) Bank reconciliations include evidence that they were prepared within 2 (two) months of the related statement closing date.

Results: No exceptions were found as a result of applying the procedure.

- 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., initiated and dated, electronically logged); and

Results: Exception noted; no evidence that a member of management or the Board reviewed bank reconciliations.

- 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.

Results: Exception noted; no evidence that twelve (12) reconciling items outstanding greater than 12 months were researched.

Collections

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Select the only deposit site.

Results: No exceptions were found as a result of applying the procedure.

5. For the 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating the employee job duties at the one collection location, and observe that job duties are properly segregated at the one collection location such that:

Results: No exceptions were found as a result of applying the procedure

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Results: No exceptions were found as a result of applying the procedure.

- 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.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

7. Randomly select two (2) deposit dates for each of the Foundation's three (3) bank accounts 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 date) and:

- a) Observe that receipts are sequentially pre-numbered.

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

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

Results: No exceptions were found as a result of applying the procedure.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository was more than 10 miles from the collection location or the deposit was less than \$100.)

Results: Exception noted; All six selections were not deposited within one business day of collection.

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

Results: No exceptions were found as a result of applying the procedure

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.

Carri Riggs & Ingram, L.L.C.

December 27, 2018



December 27, 2018

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

Carr, Riggs & Ingram, LLC
111 Veterans Blvd.
Suite 350
Metairie, LA 70005

RE: Management's Response to Statewide Agreed-Upon Procedures
Pelican Educational Foundation

Dear Sirs:

Pelican Educational Foundation will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,

A handwritten signature in black ink, appearing to read "Orhan Kizilkaya". The signature is fluid and cursive, written over a large, faint, light-colored watermark of the Kenilworth logo.

Orhan Kizilkaya, Ph.D.
President