

**WARREN EASTON HIGH SCHOOL
FOUNDATION, INC. and AFFILIATE**

FINANCIAL STATEMENTS

For the Years Ended June 30, 2019 and 2018



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WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
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JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Warren Easton High School Foundation, Inc. and Affiliate
New Orleans, Louisiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Warren Easton High School Foundation, Inc. and Affiliate (the Organizations) (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organizations' preparation and fair presentation of the consolidated 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 Organizations' 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organizations as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As stated in Note 15 to the consolidated financial statements, management determined that an entity was omitted from reporting in the prior year, resulting in an understatement of amounts previously reported for certain assets and liabilities, as well as net assets as of June 30, 2018. Accordingly, amounts reported for these accounts have been restated in the 2018 financial statements now presented. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the consolidated financial statements, management has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958); this new standard requires changes to be made in how net assets are classified based on donor restrictions and has added multiple new disclosures. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidating Statement of Net Position, Consolidating Statement of Activities, and Schedule of Compensation, Benefits, and Other Payments to Agency Head required under Louisiana Revised Statute 24:513A(3) are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 October 18, 2019, on our consideration of the Organizations' 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 Organizations' internal control over financial reporting and compliance.

Cam, Riggs & Ingram, L.L.C.

October 18, 2019

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

<i>As of June 30,</i>	2019	2018 (as restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,475,626	\$ 12,670,091
Cash restricted for student activities	163,041	231,613
Grants receivable	574,707	369,624
Accounts receivable	190,866	-
Inventory	5,017	5,017
Prepaid expenses	26,811	184,384
Total current assets	11,436,068	13,460,729
PROPERTY AND EQUIPMENT, net	1,880,657	1,212,142
TOTAL ASSETS	\$ 13,316,725	\$ 14,672,871
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 14,501	\$ 279,662
Accrued expenses	1,155,490	714,110
Current portion of long-term liabilities	8,376	8,664
Deferred revenue	630	17,189
Total current liabilities	1,178,997	1,019,625
NONCURRENT LIABILITIES		
Mortgage payable	266,960	275,336
Total noncurrent liabilities	266,960	275,336
TOTAL LIABILITIES	1,445,957	1,294,961
NET ASSETS		
Without donor restriction		
Undesignated	9,857,452	11,287,749
Board designated	1,619,737	1,619,737
Total net assets without donor restriction	11,477,189	12,907,486
With donor restriction	393,579	470,424
TOTAL NET ASSETS	11,870,768	13,377,910
TOTAL LIABILITIES AND NET ASSETS	\$ 13,316,725	\$ 14,672,871

The accompanying notes are an integral part of these consolidated financial statements.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES**

<i>For the Year Ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 28,118	\$ 280,482	\$ 308,600
Grants			
Federal	604,965	-	604,965
State	23,891	-	23,891
Other	32,500	-	32,500
Local Minimum Foundation Program	5,688,721	-	5,688,721
State Minimum Foundation Program	3,792,480	-	3,792,480
Student activity fees	519,865	239,780	759,645
Interest income	156,292	-	156,292
Other revenues	355,447	-	355,447
Net assets released from restrictions	597,107	(597,107)	-
Total revenues and other support	11,799,386	(76,845)	11,722,541
EXPENSES			
Program	10,440,434	-	10,440,434
Management and general	2,652,248	-	2,652,248
Fundraising	137,001	-	137,001
Total expenses	13,229,683	-	13,229,683
CHANGES IN NET ASSETS	(1,430,297)	(76,845)	(1,507,142)
NET ASSETS - Beginning of year	12,907,486	470,424	13,377,910
NET ASSETS - End of year	\$ 11,477,189	\$ 393,579	\$ 11,870,768

The accompanying notes are an integral part of this consolidated financial statement.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES**

<i>For the Year Ended June 30, 2018 (as restated)</i>	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 67,032	\$ 243,560	\$ 310,592
Grants			
Federal	621,157	-	621,157
State	11,753	-	11,753
Other	135,866	-	135,866
Local Minimum Foundation Program	5,295,584	-	5,295,584
State Minimum Foundation Program	4,092,326	-	4,092,326
Student activity fees	615,777	273,929	889,706
Interest income	101,551	-	101,551
Other revenues	217,101	-	217,101
Net assets released from restrictions	425,159	(425,159)	-
Total revenues and other support	11,583,306	92,330	11,675,636
EXPENSES			
Program	9,912,371	-	9,912,371
Management and general	2,339,295	-	2,339,295
Fundraising	140,581	-	140,581
Total expenses	12,392,247	-	12,392,247
CHANGES IN NET ASSETS	(808,941)	92,330	(716,611)
NET ASSETS - Beginning of year	13,716,427	378,094	14,094,521
NET ASSETS - End of year	\$ 12,907,486	\$ 470,424	\$ 13,377,910

The accompanying notes are an integral part of this consolidated financial statement.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

<i>For the year ended June 30, 2019</i>	Program Services	Management & General	Fund- Raising	Totals
Salaries	\$ 4,895,160	\$ 979,649	\$ 79,380	\$ 5,954,189
Employee benefits	1,695,067	427,840	28,685	2,151,592
2% admin fee	-	187,206	-	187,206
Depreciation	64,453	21,484	-	85,937
Donations	-	-	23,348	23,348
Equipment rental	-	26,438	-	26,438
Food services	17,206	-	-	17,206
Foundation scholarships	160,500	-	-	160,500
Insurance	80,504	26,835	-	107,339
Interest expense	-	15,637	-	15,637
Other expenses	107,680	69,311	-	176,991
Other services	-	265,504	-	265,504
Printing	-	1,680	-	1,680
Professional services	97,326	215,637	-	312,963
Repairs and maintenance	424,500	141,500	-	566,000
Shared services	126,219	42,073	-	168,292
Student activity	828,217	-	-	828,217
Supplies:				
Instructional	147,593	-	-	147,593
Other	568,774	86,765	-	655,539
Transportation	943,121	-	-	943,121
Travel	-	49,984	-	49,984
Usage fee	78,766	26,256	-	105,022
Utilities	205,348	68,449	5,588	279,385
Total expenses	\$ 10,440,434	\$ 2,652,248	\$ 137,001	\$ 13,229,683

The accompanying notes are an integral part of this consolidated financial statement.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

<i>For the year ended June 30, 2018 (as restated)</i>	Program Services	Management & General	Fund- Raising	Totals
Salaries	\$ 4,522,083	\$ 811,479	\$ 72,067	\$ 5,405,629
Employee benefits	1,710,616	362,436	\$ 28,011	2,101,063
2% admin fee		183,565	-	183,565
Depreciation	47,703	15,901	-	63,604
Donations	-	-	36,224	36,224
Equipment rental	-	18,942	-	18,942
Food services	14,835	-	-	14,835
Insurance	62,383	20,794	-	83,177
Other expenses	42,646	62,632	-	105,278
Foundation scholarships	-	174,450	-	174,450
Other services	-	45,859	-	45,859
Professional services	149,767	265,268	-	415,035
Repairs and maintenance	260,039	86,680	-	346,719
Shared services	339,646	113,216	-	452,862
Student activity	831,758	-	-	831,758
Supplies:				
Instructional	134,913	-	-	134,913
Other	534,698	54,276	-	588,974
Transportation	1,029,863	-	-	1,029,863
Travel	-	46,657	-	46,657
Usage fee	74,185	24,728	-	98,913
Utilities	157,236	52,412	4,279	213,927
Total expenses	\$ 9,912,371	\$ 2,339,295	\$ 140,581	\$ 12,392,247

The accompanying notes are an integral part of this consolidated financial statement.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>For the Years Ended June 30,</i>	2019	2018 <i>(as restated)</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (1,507,142)	\$ (716,611)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	85,937	63,604
Changes in operating assets and liabilities:		
Cash restricted for student activities	68,572	(73,466)
Grants receivable	(205,083)	759,788
Accounts receivable	(190,866)	4,527
Prepaid expenses	157,573	(57,782)
Accounts payable	(265,161)	190,794
Accrued expenses	441,380	426,116
Deferred revenue	(16,559)	(15,076)
Net cash (used in) provided by operating activities	(1,431,349)	581,894
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(754,452)	(525,602)
Net cash used in investing activities	(754,452)	(525,602)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from mortgage	-	284,000
Payment of mortgage principal	(8,664)	-
Net cash (used in) provided by financing activities	(8,664)	284,000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,194,465)	340,292
CASH AND CASH EQUIVALENTS - Beginning of year	12,670,091	12,329,799
CASH AND CASH EQUIVALENTS - End of year	\$ 10,475,626	\$ 12,670,091
Supplemental Cash Flow Information:		
Cash paid for interest	\$ 15,637	\$ -

The accompanying notes are an integral part of these consolidated financial statements.



WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Warren Easton High School Foundation, Inc. d/b/a Warren Easton Charter High School (the School), incorporated on March 21, 2006, is an educational institution organized to improve student learning, increase learning opportunities for all students, encourage the use of innovative teaching methods and a variety of governance, management, and administrative structures, be more thoroughly accountable for educational results, and create new professional opportunities for teachers and other employees.

Friends of Warren Easton (Friends), incorporated on August 25, 2015, is a non-profit organization organized and operated for the benefit of Warren Easton High School Foundation, Inc.

Basis of Accounting

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

Consolidation

The consolidated financial statements include accounts of Warren Easton High School Foundation, Inc. and Friends of Warren Easton, collectively referred to as the Organizations. All material intercompany account balances and transactions have been eliminated.

Basis of Presentation

The Organizations follow the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*, which establishes external financial reporting for not-for-profit organizations which includes two basic financial statements and classification of resources into two separate categories of net assets, as follows:

Net Assets without donor restriction – Net assets not subject to donor-imposed restrictions. A portion of unrestricted net assets are designated amounts set aside by the board of directors.

Net Assets with donor restriction – Net assets subject to donor-imposed restrictions that will be met by the actions of the Organizations or the passage of time or net assets subject to donor-imposed restrictions that are required to be maintained permanently by the Organizations. Generally, the donors of these assets stipulate that the income earned on related investments should be used for specific purposes.



WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash and Cash Equivalents

Cash, which is held in interest bearing accounts, consisted of both unrestricted and restricted balances. Unrestricted cash balances represent cash available for general operating purposes. Restricted cash balances consist of amounts credited to the Organizations' bank accounts from and amounts restricted in the student activity funds.

The Organizations classify all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Grants and Accounts Receivable

The grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management believes that all receivables are collectible. As such, the consolidated financial statements do not include an estimate for allowance for doubtful accounts.

Inventory

Inventory consisted of items that are sold at the School's store, The Eagles' Nest. Items sold at the store include sweaters, T-shirts, socks, school supplies, etc. Inventory is valued at cost under the FIFO (First In First Out) method of accounting for inventory.

Property and Equipment

Property and equipment is capitalized at cost and updated for additions and retirements during the year. Donated property and equipment is recorded at fair market value as of the date received. Improvements over \$5,000 that have a useful life greater than one year 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 is depreciated using the straight-line method over the assets' estimated useful life (7-10 years for leasehold improvements, 39 years for buildings and 3-6 years for equipment).



WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Revenue Recognition

Contributions received are recorded as unrestricted or restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is recognized as an increase in net assets with donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the consolidated statements of activities as net assets released from restrictions. Contributions whose restrictions are met in the same reporting period are reported as support without donor restriction.

Revenues from federal and state grants are recorded when the Organizations have a right to reimbursement under the related grant, generally corresponding to the incurring of grant-related costs by the Organizations, or when earned under the terms of the grants.

In-Kind Support

The Organizations record the in-kind value of goods and services contributed to support various activities as support and related expenses. There was no in-kind support that met the recognition criteria under FASB ASC 958, as such, there was no in-kind support recorded for the years ended June 30, 2019 and 2018.

Income Taxes

The Organizations have received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, are not subject to federal or state income tax unless the Organizations have unrelated trade or business income. Management believes there are no uncertain tax positions or unrelated trade or business income included in the consolidated financial statements.

Fundraising Expenses

All expenses associated with fundraising activities are expensed as incurred, including those expenses related to fundraising appeals that would benefit a subsequent year.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense

As required under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, the Organizations have presented consolidated statements of functional expense as part of its audited consolidated financial statements. The consolidated financial statements of the Organizations report certain categories of expenses that are attributable to more than one program or supporting function. The majority of expenses are allocated based on actual time and effort. However, insurance, repairs and maintenance, disposal services, IT services, utilities, and depreciation require allocation based on the square footage of the building.

New Accounting Pronouncement

Effective July 1, 2018, the Organizations adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organizations have adjusted the presentation of its consolidated financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspect of the Organizations' consolidated financial statements:

- The temporarily restricted and permanently restricted net assets have been combined into a single net asset class called net assets with donor restriction.
- The unrestricted net asset class has been renamed net assets without donor restriction
- The consolidated financial statements include a new disclosure about liquidity and availability of resources (Note 14).
- The consolidated statements of functional expense are allocated by both nature and function (Note 1).

The changes have the following effect on net assets at July 1, 2018 (after restatement, see note 15):

	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	\$ 12,753,261	\$ -
Temporarily restricted net assets	360,434	-
Net assets without donor restriction	-	12,753,261
Net assets with donor restriction	-	360,434



WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Financial Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The purpose of this ASU is to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the statement of financial position and disclosing key information about leasing arrangements. The changes primarily focus in on Lessee, not Lessor. The concepts of capital and operating leases are maintained but the primary difference to previous GAAP is recognition of assets and liabilities for leases classified as operating leases. The ASU is effective for fiscal year-ending June 30, 2021, but early adoption is permitted. Adoption of this ASU will impact the presentation and disclosures of the Organizations' consolidated financial statements. The Organizations have not elected to early adopt this standard. Management is currently evaluating the impact of the guidance on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance. The ASU is effective for fiscal year-ending June 30, 2021, but early adoption is permitted. The Organizations have not elected to early adopt this standard. Management is currently evaluating the impact of the guidance on its financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. This new guidance is effective for transactions in which the Organizations serve as a resource recipient for the fiscal year ending June 30, 2020. Early adoption is permitted. The Organizations are currently evaluating the impact of the guidance on its consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. However, if it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The ASU is effective for fiscal year-ending June 30, 2021, but early adoption is permitted. The Organizations have not elected to early adopt this standard. Management is currently evaluating the impact of the guidance on its financial statements.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 – RESTRICTION ON ASSETS

Board designated net assets without donor restrictions were designated by resolution of the Board in 2008 in the amount of \$2,500,000. The Board uses these funds to cover facilities costs as the Board determines appropriate. There were no covered facilities costs in the years ended June 30, 2019 and 2018. The current balance was \$1,619,737, as of June 30, 2019 and 2018.

Net assets with donor restriction are restricted by donors for specific programs, purposes, or to assist specific departments of the School. These restrictions are considered to expire when payments for restricted purposes are made or when time restriction is met.

Net assets with donor restriction at June 30 were restricted for the following purposes:

	2019	2018
Student activities funds	\$ 163,041	\$ 231,613
Friends Scholarships	136,336	109,990
Wellness	30,221	30,221
Alumni	18,765	-
Christmas gift card	7,428	-
Academic enhancements	-	30,000
Hall of Fame scholarships	6,356	5,113
Library books and other	30,432	32,141
Friends of Warren Easton	-	25,000
Prima	-	15,000
Shutterfly	-	20,000
Total net assets with donor restriction	\$ 392,579	\$ 470,424

NOTE 3 – CONCENTRATIONS OF CREDIT RISK

The Organizations maintain cash deposits in several accounts at one financial institution. These accounts, except for the sweep accounts, are insured by the Federal Deposit Insurance Commission (FDIC) up to \$250,000. At June 30, 2019 and 2018, the Organizations had cash balances, excluding the sweep account, in excess of the FDIC insured limit totaling \$9,187,298 and \$10,480,960, respectively. The sweep account, which had a cash balance of \$1,569,773 and \$2,495,202 at June 30, 2019 and 2018, respectively, consisted of a Federated Investors Government Obligations Money Market Fund that is not FDIC insured. The fund is completely invested in U.S. government obligations with short-term maturities. Management believes that maintaining cash in this account reduces credit risk that would result from cash otherwise being maintained in accounts with balances exceeding FDIC insured limit.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 3 – CONCENTRATIONS OF CREDIT RISK (CONTINUED)

For the years ended June 30, 2019 and 2018, the Organizations received approximately 32% and 35%, respectively, of its total revenue from State public school funds, and approximately 49% and 46%, respectively, of its total revenue from Local sources. As of the years ended June 30, 2019 and 2018, the Organizations had 100% of its grants receivables from federal sources passed through state sources.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2019	2018
Land	\$ 100,000	\$ 100,000
Building	265,000	265,000
Leasehold improvements	944,346	944,346
Construction in progress	769,976	40,110
Equipment	1,654,795	1,632,744
Total	3,734,117	2,982,200
Accumulated depreciation	(1,853,460)	(1,770,058)
Total property and equipment, net	\$ 1,880,657	\$ 1,212,142

Depreciation expense for the years ended June 30, 2019 and 2018 totaled \$85,937 and \$63,604, respectively.

NOTE 5 – GRANTS RECEIVABLE

Grants receivable were comprised of the following amounts as of June 30, 2019 and 2018:

	2019	2018
Louisiana Department of Education		
Title I	\$ 452,008	\$ 270,776
Title II	36,436	29,588
Title III	715	-
Title IV	7,150	7,150
Educational Excellent	36,940	15,797
Career Development Funds	11,753	11,753
Carl Perkins	29,705	35,072
Total grants receivable	\$ 574,707	\$ 370,136

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 6 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of \$190,866, of which \$152,904 is from insurance claims and the remainder is receivables from other school for IT services performed as of June 30, 2019. There were no outstanding accounts receivable as of June 30, 2018.

NOTE 7 – MORTGAGE PAYABLE

Friends entered into a mortgage payable with a financial institution on June 30, 2018 for the purchase of a building that is collateralized by the building. The debt has an interest rate of 5.5% and a maturity date of June 18, 2038. As of June 30, 2019 and 2018, the debt had balances of \$275,336 and \$284,000, respectively.

Annual principal payments to maturity is as follows:

Fiscal Year	Principal
2020	\$ 8,376
2021	8,897
2022	9,188
2023	9,738
2024	10,283
Thereafter	228,854
	\$ 275,336

NOTE 8 – RETIREMENT PLAN

Substantially all employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute 8% of the annual covered payroll to the plan. For the years ended June 30, 2019 and 2018, the School was required to contribute 26.0% and 25.5%, respectively, each year of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee.



**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 8 – RETIREMENT PLAN (CONTINUED)

For the years ended June 30, 2019 and 2018, the School's contributions to the plan totaled \$1,509,986 and \$1,330,493, respectively, and are included in employee benefits on the consolidated statements of functional expenses.

NOTE 9 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the School had related party expenses totaling \$564,478 and \$750,157, respectively, with Orleans Parish School Board, the School's Local Educational Agency (LEA). Shared services, which are the IT services provided by the LEA, accounted for \$96,694 of the related party expenses for the year ended June 30, 2018. As of June 30, 2018, the School had accrued expense of \$260,691 payable to the LEA related to the IT services provided during the year ended June 30, 2018. In 2019, the School assumed control over its own IT services. The School paid additional LEA fees of \$255,044 and \$356,168 for OPSB to remain with the LEA for the years ended June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, the School had accrued expenses of \$611,212 and \$356,168 payable to the LEA for these additional LEA fees.

The Louisiana Legislature approved a 2% administrative fee to be paid by all charter schools to Orleans Parish School Board. For the years ended June 30, 2019 and 2018, the School paid \$187,206 and \$183,565, respectively, in administrative fees to Orleans Parish School Board.

The LEA charges the School for the use of facilities (including property and flood insurance costs) through annual usage fees, as further described in Note 10. For the years ended June 30, 2019 and 2018, the School paid annual usage fees to the OPSB of \$105,022 and \$98,913, respectively. As of June 30, 2019 and 2018, the School had accrued expenses of \$98,913 and \$98,913 payable to the LEA for these annual usage fees. The remaining expenses for 2019 and 2018 of \$17,206 and \$14,835, respectively, are for the food services provided by the LEA for meals at the School.

NOTE 10– SCHOOL OPERATION/LEASEHOLD INTEREST

On July 1, 2011, the School's operating agreement renewal with the Orleans Parish School Board (OPSB) went into effect. This allows the School to use the facilities and contents located at 3019 Canal Street, New Orleans, LA 70119, or any other locations that may be approved by the School and the Orleans Parish School Board. This agreement expired on June 30, 2017. The agreement was renewed in June 2017 through June 30, 2026.

For the years ended June 30, 2019 and 2018, the School paid annual usage fees (including insurance costs) to the OPSB of \$105,022 and \$98,913, respectively. The OPSB can increase this fee prior to the next fiscal year based on the actual cost of flood and property insurance they are able to obtain.



**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 10– SCHOOL OPERATION/LEASEHOLD INTEREST (CONTINUED)

The School is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. If capital improvements are made by the School with non-public funds to any site which it operates, and the charter contract is revoked or terminated, the School will be reimbursed for the fair market value of such capital improvements. Assets purchased with public funds or obtained from public sources will automatically revert to the Orleans Parish School Board at the time the agreement is terminated. The School must maintain records of any assets acquired with private funds that will remain the property of the School.

The School also has the rights to use computers and kitchen equipment that are owned by Orleans Parish School Board for no fee.

Use of the property and equipment is not recorded as an in-kind contribution from the Orleans Parish School Board as the value of the use of the land, building and equipment is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

NOTE 11 – CASH RESTRICTED FOR STUDENT ACTIVITIES

The School maintains a separate bank account for student activities. The account is for collected student activity fees. Restricted student activity funds amounted to \$163,041 and \$231,613 at June 30, 2019 and 2018, respectively, and are reported as cash restricted for student activities and as net assets with donor restriction in the consolidated statements of financial position.

NOTE 12 – COMMITMENTS

The School has employment contracts with most of its employees. The contracts for the current year expired June 30, 2019. All contracts provided for a minimum annual salary and other benefits.

NOTE 13 – RISK MANAGEMENT

The Organizations are exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the years ended June 30, 2019 and 2018.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 14 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Organizations’ liquidity management, it maintains two sweep accounts which earn interest on cash in excess of daily requirements. The Board has designated amounts for capital purchases, which was \$1,619,737 as of June 30, 2019. See Note 2 for further information. In the event of an unanticipated liquidity need, the Organizations could draw upon the board designated funds.

The following reflects the Organizations’ financial assets as of the consolidated statement of net position date, including amount not available within one year of the consolidated statement of net position date. Amounts not available include amounts restricted for student activities and amounts board designated for capital purchases.

Financial assets, as of June 30, 2019	\$ 11,404,240
Less:	
Assets restricted for Student Activities	163,041
Assets designated for capital purchases	1,619,737
Financial assets available to meet cash needs for general expenditures within one year	\$ 9,621,462

NOTE 15 – RESTATEMENT

Subsequent to the issuance of the financial statements for the year ended June 30, 2018, the School determined that Friends of Warren Easton should have been consolidated with Warren Easton High School Foundation, Inc as of June 30, 2018. The School determined that this caused an understatement to cash and cash equivalents, property and equipment, mortgage payable, net assets without donor restriction, and net assets with donor restriction as seen below.

	June 30, 2018	Adjustment	June 30, 2018 (as restated)
Consolidated Statement of Net Position:			
Cash and cash equivalents	12,486,876	183,215	12,670,091
Property and equipment, net	847,142	365,000	1,212,142
Mortgage payable	-	275,336	275,336
Net assets without donor restriction	12,753,261	154,225	12,907,486
Net assets with donor restriction	360,434	109,990	470,424



**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 18, 2019, and determined that the field adjacent to the school was put into service and donated to the OPSB as of August 1, 2019. No subsequent events occurring after that date have been evaluated for inclusion of these financial statements.

**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 of
Warren Easton High School Foundation, Inc. and Affiliate
New Orleans, 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 consolidated financial statements of Warren Easton High School Foundation, Inc. and Affiliate (the Organizations) (a nonprofit organization), which comprises the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organizations' 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' 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 Organizations' consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal

control, described in the accompanying schedule of findings and responses as item **2019-001**, that we consider to be a material weakness.

Compliance and Other Matters

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

Cam, Riggs & Ingram, L.L.C.

October 18, 2019

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2019**

SECTION I - SUMMARY OF AUDITORS' REPORTS

Financial Statements

- | | |
|--|------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be a material weaknesses? | None noted |
| c. Noncompliance material to financial statements noted? | No |

SECTION II – CONSOLIDATED FINANCIAL STATEMENTS FINDINGS

2019-001 Material Weakness: Internal Control Over Financial Reporting

- | | |
|------------------------|---|
| <i>Criteria:</i> | Adequate internal controls over the preparation of financial statements in accordance with U.S. GAAP ASC 958-810-25 which requires consolidation of related entities with common control. |
| <i>Condition:</i> | In 2019 it was discovered that Friends of Warren Easton should have been consolidated with Warren Easton High School Foundation, Inc, and that Friends of Warren Easton had balances material to the School's financial statements. |
| <i>Cause:</i> | The detailed review of the financial statements at year end did not include adequate review of affiliate financial statements. |
| <i>Effect:</i> | The School's financial statements as of June 30, 2018 did not include material balances of an affiliated entity that should have been consolidated. |
| <i>Recommendation:</i> | It is recommended that the School perform detailed reviews of all financial statements at year end including any affiliates. |



**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

A. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None noted.

B. FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL PROGRAMS

None noted.

C. MANAGEMENT LETTER

Not applicable – no letter was issued.



WARREN EASTON CHARTER HIGH SCHOOL

3019 CANAL STREET • NEW ORLEANS, LOUISIANA 70119 • (o) 504.324.7400 • (f) 504.3247946

October 18, 2019

Carr, Riggs and Ingram
111 Veterans Memorial Blvd.
Suite 350
Metairie, LA 70005

Dear Mrs. Verbene:

In response to 2019-001 Material Weakness: Internal Control Over Financial Reporting, WECHS has consolidated the Friends of Warren Easton financial statements into the Organization's financial statements. Going forward, management will be review affiliate financial information regularly.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Lindsay Carter'.

Lindsay Carter, CFO
Warren Easton High School

cc: David Garland
Mervin Jackson
Charles Petrey

A large, faded version of the Warren Easton Fighting Eagles logo, featuring the shield with 'W', 'E', and an eagle, and the text 'WARREN EASTON' and 'FIGHTING EAGLES'.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

<i>As of June 30, 2019</i>	Warren Easton Charter High School Foundation	Friends of Warren Easton	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 10,298,583	\$ 177,043	\$ -	\$ 10,475,626
Cash restricted for student activities	163,041	-	-	163,041
Grants receivable	574,707	-	-	574,707
Accounts receivable	190,866	7,350	(7,350)	190,866
Inventory	5,017	-	-	5,017
Prepaid expenses	26,811	-	-	26,811
Total current assets	11,259,025	184,393	(7,350)	11,436,068
PROPERTY AND EQUIPMENT, net	1,880,657	-	-	1,880,657
TOTAL ASSETS	\$ 13,139,682	\$ 184,393	\$ (7,350)	\$ 13,316,725
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 14,501	\$ -	\$ -	\$ 14,501
Accrued expenses	1,162,840	-	(7,350)	1,155,490
Current portion of long-term liabilities	0	8,376	-	8,376
Deferred revenue	630	-	-	630
Total current liabilities	1,177,971	8,376	(7,350)	1,178,997
NONCURRENT LIABILITIES				
Mortgage payable	-	266,960	-	266,960
Total noncurrent liabilities	-	266,960	-	266,960
TOTAL LIABILITIES	1,177,971	275,336	(7,350)	1,445,957
NET ASSETS				
Unrestricted				
Undesignated	10,005,089	(255,933)	-	9,749,156
Board designated	1,619,737	-	-	1,619,737
Total unrestricted net assets	11,624,826	(255,933)	-	11,368,893
Temporarily restricted	336,885	164,990	-	501,875
TOTAL NET ASSETS	11,961,711	(90,943)	-	11,870,768
TOTAL LIABILITIES AND NET ASSETS	\$ 13,139,682	\$ 184,393	\$ (7,350)	\$ 13,316,725

See independent auditors' report.

WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE CONSOLIDATING STATEMENT OF ACTIVITIES

<i>For the Year Ended June 30, 2019</i>	Warren Easton Charter HighSchool Foundation, Inc.	Friends of Warren Easton	Eliminations	Total
REVENUES AND OTHER SUPPORT				
Contributions	\$ 601,775	\$ 102,975	\$ (396,150)	\$ 308,600
Grants				
Federal	604,965	-	-	604,965
State	23,891	-	-	23,891
Other	32,500	-	-	32,500
Local Minimum Foundation Program	5,688,721	-	-	5,688,721
State Minimum Foundation Program	3,792,480	-	-	3,792,480
Student activity fees	759,645	-	-	759,645
Interest income	155,545	747	-	156,292
Other revenues	355,926	6,871	(7,350)	355,447
Total revenues and other support	12,015,448	110,593	(403,500)	11,722,541
EXPENSES				
Program	10,440,434	31,150	(31,150)	10,440,434
Management and general	2,593,134	66,464	(7,350)	2,652,248
Fundraising	133,864	368,137	(365,000)	137,001
Total expenses	13,167,432	465,751	(403,500)	13,229,683
CHANGES IN NET ASSETS	(1,151,984)	(355,158)	-	(1,507,142)
NET ASSETS - Beginning of year	13,113,695	264,215	-	13,377,910
NET ASSETS - End of year	\$ 11,961,711	\$ (90,943)	\$ -	\$ 11,870,768

See independent auditors' report.

**WARREN EASTON HIGH SCHOOL FOUNDATION, INC. AND AFFILIATE
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2019**

Agency Head Name: Mervin Jackson, Principal

PURPOSE	AMOUNT
Salary	\$ 125,000
Benefits-health insurance	4,865
Benefits-retirement	33,375
Deferred compensation	-
Workers comp	-
Benefits-life insurance	45
Benefits-long term disability	113
Benefits-Fica and Medicare	1,783
Car allowance	-
Vehicle provided by government	-
Cell phone	840
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	620
Travel	-
Registration fees	945
Conference travel	2,369
Unvouchered expenses	-
Meetings and conventions	-
Other	-
Total	\$ 169,955

See independent auditors' report.

Warren Easton Charter High School Foundation, Inc.

BESE AGREED-UPON PROCEDURES REPORT

June 30, 2019



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Warren Easton Charter High School Foundation, Inc. and the
Louisiana Legislative Auditor
New Orleans, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Warren Easton Charter High School Foundation, Inc. ("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 findings are as follows:

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

1. We will select a random sample of 25 transactions, review supporting documentation, and observe that 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, and
 - Nonpublic Transportation Revenue

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

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 sample of 10 classes to the October 1st roll books for those classes and observe that the class was properly classified on the schedule.

Results: The maximum class size of 33 students was exceeded for seven classes in the current year.

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

3. We will obtain October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtain management's representation that the data/listing was complete. We will then select a sample of 25 individuals, trace to each individual's 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: No exceptions were found as a result of applying the procedures.

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 was 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: No exceptions were found as a result of applying the procedures.

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual combined financial statements of the Warren Easton Charter High School Foundation Inc., as required by Louisiana Revised Statute 24:514.I, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Cam, Riggs & Ingram, L.L.C.

October 18, 2019

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE 1: GENERAL FUND INSTRUCTIONAL AND SUPPORT
EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES
FOR THE YEAR ENDED JUNE 30, 2019

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 3,313,230	
Other Instructional Staff Activities	-	
Instructional Staff Employee Benefits	1,389,483	
Purchased Professional and Technical Services	97,326	
Instructional Materials and Supplies	601,860	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities		5,401,899

Other Instructional Activities 215,056

Pupil Support Activities	704,417	
Less: Equipment for Pupil Support Activities	-	
Net Pupil Support Activities		704,417

Instructional Staff Services	434,016	
Less: Equipment for Instructional Staff Services	-	
Net Instructional Staff Services		434,016

School Administration	1,037,255	
Less: Equipment for School Administration	-	
Net School Administration		1,037,255

Total General Fund Instructional Expenditures \$ 7,792,643

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes		\$ -
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-
Total Local Taxation Revenue		-

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property		-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property		-

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax		-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes		-

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

See independent accountants' report on applying agreed-upon procedures.

WARREN EASTON SENIOR HIGH SCHOOL FOUNDATION, INC.
SCHEDULE 2: CLASS SIZE CHARACTERISTICS
FOR THE YEAR ENDED JUNE 30, 2019

As of October 1, 2018

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	38%	150	38%	153	13%	52	2%	7
High Activity Classes	2%	9	3%	11	4%	14	1%	2
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

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.

See independent accountants' report on applying agreed-upon procedures.

Warren Easton Charter School Foundation, Inc.

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2019



CRI CARR
RIGGS &
INGRAM

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Warren Easton Charter School Foundation, Inc. and the
Louisiana Legislative Auditor
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by Warren Easton Charter School Foundation, Inc. (the School) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The School'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 and inspect the School's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the School's operations):

a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

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

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

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

- 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.

Results: The Policies discuss the receipt of school funds and accounting for funds. It does not provide policies for preparing deposits.

- 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 above 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: The policy does not include the (2) standard terms and conditions acceptable in contracts, (3) legal review of the contracts, or (5) the process to monitor the compliance with the contracts.

- g) **Credit Cards**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.

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

- i) **Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: There are no established policies and procedures surrounding Disaster Recovery/Business Continuity.

Bank Reconciliations

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

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

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

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

- b) Bank reconciliations include evidence that a member of management or a board member who does not handle cash, post ledger, or issue checks, has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

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

- 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.

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

Collections

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

Results: No exceptions were found as a result of applying the above procedure. There was only one site, therefore, only one site was selected.

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

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

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

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

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

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

5. 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 above procedure.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #2 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). Obtain supporting documentation for each of the 10 deposits and:

Results: No exceptions were found as a result of applying the above procedure. Of the 5 accounts in the "Bank Reconciliation" procedures, 3 accounts did not have deposits. Those 3 accounts are 2 sweep accounts and 1 payroll account that only had transfers into the account,

and therefore, there were no deposits to select be selected. Procedures were only performed on 2 accounts.

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

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

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

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

- 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).

Results: For 3 of our 4 selections, deposits were made more than one day subsequent to the item's collection dates

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

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

Credit Card/Debit Card/Fuel Card/P-Card

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

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

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

a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.

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

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

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

9. Using the monthly statements selected under #8 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. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

Cary Riggs & Ingram, L.L.C.

October 18, 2019