

**SUCCESS PREPARATORY ACADEMY**

**NEW ORLEANS, LOUISIANA**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**

**JUNE 30, 2023 AND 2022**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Management of  
Success Preparatory Academy  
New Orleans, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Success Preparatory Academy (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Success Preparatory Academy as of June 30, 2023, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Success Preparatory Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Prior Period Financial Statements***

The financial statements of Success Preparatory Academy as of June 30, 2022 were audited by other auditors whose report dated December 12, 2022 expressed an unmodified opinion on those statements

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



To the Board of Directors and Management of  
Success Preparatory Academy  
New Orleans, Louisiana

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Success Preparatory Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Success Preparatory Academy's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Success Preparatory Academy's ability to continue as a going concern for a reasonable period of time.



To the Board of Directors and Management of  
Success Preparatory Academy  
New Orleans, Louisiana

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in the schedule of compensation, benefits, and other payments to agency head (Schedule “1”), as required by Louisiana Revised Statute 24:513 A.(3), 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 26, 2023 on our consideration of Success Preparatory Academy’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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Success Preparatory Academy’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Success Preparatory Academy’s internal control over financial reporting and compliance.

December 26, 2023  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

## **FINANCIAL STATEMENTS**

**SUCCESS PREPARATORY ACADEMY**  
**STATEMENTS OF FINANCIAL POSITION**  
JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash and cash equivalents	\$ 1,969,561	\$ 1,041,187
Grant receivables	905,494	1,042,293
Prepaid expenses	<u>175,431</u>	<u>106,139</u>
 Total current assets	 <u>3,050,486</u>	 <u>2,189,619</u>
<b><u>PROPERTY AND EQUIPMENT, NET</u></b>		
	<u>122,845</u>	<u>245,944</u>
<b><u>OTHER ASSETS:</u></b>		
Deposits	<u>7,122</u>	<u>7,122</u>
 Total other assets	 <u>7,122</u>	 <u>7,122</u>
 Total assets	 <u>\$ 3,180,453</u>	 <u>\$ 2,442,685</u>
<b><u>CURRENT LIABILITIES:</u></b>		
Accounts payable	\$ 435,093	\$ 241,492
Accrued expenses	<u>-</u>	<u>7,891</u>
 Total current liabilities	 <u>435,093</u>	 <u>249,383</u>
 Total liabilities	 <u>435,093</u>	 <u>249,383</u>
<b><u>NET ASSETS:</u></b>		
Without donor restrictions	2,674,834	2,130,132
With donor restrictions	<u>70,526</u>	<u>63,170</u>
 Total net assets	 <u>2,745,360</u>	 <u>2,193,302</u>
 Total liabilities and net assets	 <u>\$ 3,180,453</u>	 <u>\$ 2,442,685</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**SUCCESS PREPARATORY ACADEMY**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor</u>	<u>With Donor</u>	<u>Total</u>
	<u>Restrictions</u>	<u>Restrictions</u>	
<b><u>REVENUE:</u></b>			
State/Local per pupil aid	\$ 5,867,624	\$ -	\$ 5,867,624
Federal grants	2,672,559	-	2,672,559
Private grants and contributions	3,832	28,725	32,557
Other state funds	110,084	-	110,084
Investment income	13,812		13,812
Other income	56,128	-	56,128
Net assets released from restrictions	<u>21,369</u>	<u>(21,369)</u>	<u>-</u>
 Total revenue	 <u>8,745,408</u>	 <u>7,356</u>	 <u>8,752,764</u>
<b><u>EXPENSES:</u></b>			
Program services:			
General instructional	3,540,840	-	3,540,840
General non-instructional	2,394,328	-	2,394,328
Special education	1,246,704	-	1,246,704
Special programs	373,590	-	373,590
Administration	<u>645,244</u>	<u>-</u>	<u>645,244</u>
 Total expenses	 <u>8,200,706</u>	 <u>-</u>	 <u>8,200,706</u>
 Change in net assets	 544,702	 7,356	 552,058
 Net assets, beginning of year	 <u>2,130,132</u>	 <u>63,170</u>	 <u>2,193,302</u>
 Net assets, end of year	 <u>\$ 2,674,834</u>	 <u>\$ 70,526</u>	 <u>\$ 2,745,360</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**SUCCESS PREPARATORY ACADEMY**  
**STATEMENTS OF ACTIVITIES**  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
<b><u>REVENUE:</u></b>			
State/Local per pupil aid	\$ 4,632,551	\$ -	\$ 4,632,551
Federal grants	2,841,957	-	2,841,957
Private grants and contributions	14,143	18,000	32,143
Other state funds	62,288	-	62,288
Investment income	14,634	-	14,634
Other income	77,907	-	77,907
Net assets released from restrictions	<u>24,855</u>	<u>(24,855)</u>	<u>-</u>
 Total revenue	 <u>7,668,335</u>	 <u>(6,855)</u>	 <u>7,661,480</u>
<b><u>EXPENSES:</u></b>			
Program services:			
General instructional	3,343,987	-	3,343,987
General non-instructional	2,205,302	-	2,205,302
Special education	1,058,097	-	1,058,097
Special programs	404,889	-	404,889
Administration	<u>710,816</u>	<u>-</u>	<u>710,816</u>
 Total expenses	 <u>7,723,091</u>	 <u>-</u>	 <u>7,723,091</u>
 Change in net assets	 (54,756)	 (6,855)	 (61,611)
 Net assets, beginning of year	 <u>2,184,888</u>	 <u>70,025</u>	 <u>2,254,913</u>
 Net assets, end of year	 <u>\$ 2,130,132</u>	 <u>\$ 63,170</u>	 <u>\$ 2,193,302</u>

See accompanying NOTES TO FINANCIAL STATEMENTS

**SUCCESS PREPARATORY ACADEMY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Program Services				General Administration	Total
	General Instructional	General Non-Instructional	Special Education	Special Program		
Salaries	\$ 2,454,412	\$ 574,986	\$ 829,214	\$ 284,155	\$ 191,289	\$ 4,334,056
Employee benefits	130,503	36,267	46,667	24,145	6,939	244,521
Retirement	150,502	-	-	-	-	150,502
Payroll taxes	189,813	44,467	64,128	21,975	14,793	335,176
Purchased education services	244,890	-	82,126	39,332	16,991	383,339
Other purchased professional services	-	-	-	-	69,323	69,323
Purchased technical services	-	24,663	-	-	13,144	37,807
Utilities	371	148,681	-	-	-	149,052
Repairs and maintenance	-	437,244	-	-	21,706	458,950
Rentals	-	-	-	-	40,843	40,843
Student transportation	-	605,329	105,248	-	-	710,577
Insurance	-	42,713	-	-	-	42,713
Advertising, printing, and binding	-	254	-	-	34,047	34,301
Tuition	-	-	109,600	-	-	109,600
Food service	-	467,328	-	-	-	467,328
Travel	-	8,394	-	1,681	-	10,075
Materials and supplies	234,031	4,002	9,403	2,302	48,520	298,258
Books and periodicals	13,219	-	-	-	-	13,219
Dues and fees	-	-	318	-	187,649	187,967
Depreciation	123,099	-	-	-	-	123,099
<b>Total expenses</b>	<b>\$ 3,540,840</b>	<b>\$ 2,394,328</b>	<b>\$ 1,246,704</b>	<b>\$ 373,590</b>	<b>\$ 645,244</b>	<b>\$ 8,200,706</b>

See accompanying NOTES TO FINANCIAL STATEMENTS

**SUCCESS PREPARATORY ACADEMY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services				General Administration	Total
	General Instructional	General Non-Instructional	Special Education	Special Program		
Salaries	\$ 2,055,932	\$ 467,320	\$ 885,003	\$ 267,565	\$ 213,798	\$ 3,889,618
Employee benefits	98,906	36,942	43,979	20,250	11,409	211,486
Retirement	132,928	-	-	-	-	132,928
Payroll taxes	162,028	36,829	69,747	21,087	16,849	306,540
Purchased education services	287,146	-	35,494	86,213	784	409,637
Other purchased professional services	-	-	-	-	84,887	84,887
Purchased technical services	-	24,724	-	-	33,327	58,051
Utilities	510	138,625	-	-	-	139,135
Repairs and maintenance	-	346,241	-	-	18,296	364,537
Rentals	-	-	-	-	28,744	28,744
Student transportation	-	566,709	11,028	-	-	577,737
Insurance	-	169,798	-	-	-	169,798
Advertising, printing, and binding	-	59,249	-	-	39,620	98,869
Tuition	-	-	5,250	-	-	5,250
Food service	-	335,688	-	-	-	335,688
Travel	-	15,203	-	7,485	-	22,688
Materials and supplies	416,380	7,974	7,253	2,289	77,887	511,783
Books and periodicals	69,530	-	-	-	-	69,530
Dues and fees	306	-	343	-	185,215	185,864
Depreciation	120,321	-	-	-	-	120,321
<b>Total expenses</b>	<b>\$ 3,343,987</b>	<b>\$ 2,205,302</b>	<b>\$ 1,058,097</b>	<b>\$ 404,889</b>	<b>\$ 710,816</b>	<b>\$ 7,723,091</b>

See accompanying NOTES TO FINANCIAL STATEMENTS

**SUCCESS PREPARATORY ACADEMY**  
**STATEMENTS OF CASH FLOWS**  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b><u>CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 552,058	\$ (61,611)
Adjustments to reconcile change in net assets to cash and cash equivalents from (used for) operating activities:		
Depreciation expense	123,099	120,321
(Increase) decrease in:		
Grant receivables	136,799	(568,710)
Prepaid expenses	(69,292)	(16,931)
Increase (decrease) in:		
Accounts payable	193,601	144,182
Accrued expenses	<u>(7,891)</u>	<u>(25,736)</u>
Net cash from (used for) operating activities	<u>928,374</u>	<u>(408,485)</u>
<b><u>CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES:</u></b>		
Capital expenditures	<u>-</u>	<u>(264,507)</u>
Net cash from (used for) investing activities	<u>-</u>	<u>(264,507)</u>
Net increase (decrease) in cash and cash equivalents	928,374	(672,992)
Cash and cash equivalents, beginning of year	<u>1,041,187</u>	<u>1,714,179</u>
Cash and cash equivalents, end of year	<u>\$ 1,969,561</u>	<u>\$ 1,041,187</u>

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Success Preparatory Academy (Success) was created as a non-profit corporation under the laws of the State of Louisiana (the State) on August 7, 2008. Success' mission is to empower all students with the academic skills, character traits, and self-confidence to lead happy, healthy lives of unlimited possibility. Success provides educational services to students in pre-kindergarten through eighth grade. On February 13, 2009, the Louisiana Board of Elementary and Secondary Education (BESE) approved the charter of Success to operate a Type 5 charter school. The current charter was approved for a renewal term of an additional five years expiring on June 30, 2024 and converted the School to a Type 3B charter.

**Basis of Accounting and Financial Reporting Framework**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Financial Accounting Standard Board (FASB).

**Basis of Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-50-3, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-210-50-3, Success is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Success. Success' board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Success or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, Success considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**Receivables**

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At June 30, 2023 and 2022, no allowance is recorded as management considers all receivables to be fully collectible.

**Property and Equipment**

Property and equipment are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated property and equipment is recorded at fair value as of the date received. The School 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 the asset's life are not. Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements	5 years
Machinery and equipment	5 years

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

**Compensated Absences**

Employees' unused sick leave does not carryover to future years. Employee personal days carryover into future years; however, Success does not offer compensation in lieu of unused personal leave. Therefore, the liability for compensated absences is not reported in the financial statements as of June 30, 2023 and 2022.

**SUCCESS PREPARATORY ACADEMY**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023 AND 2022

(1) **NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Success reports contributions of cash or other assets as restricted support if they are received with donor-imposed restrictions or requirements that limit the use of the donation. A donor restriction ends when a time restriction is met or a purpose restriction is accomplished. As restrictions are met, assets are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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.

**Functional Expenses**

The cost of program and supporting services has been summarized on a functional basis in the statements of activities. This requires the allocation of certain costs based on total program costs and estimates made by management. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

Success applies judgment in determining whether a contract contains a lease and whether a lease is classified as an operating lease or a finance lease. Success defines the lease term as the non-cancellable term of the lease, which may include options to extend or terminate the lease when it is reasonably certain that Success will exercise that option. The lease term is used in determining classification between operating lease and finance lease, calculating the lease liability and determining the incremental borrowing rate.

Success also applies judgment in allocating the consideration in a contract between lease and non-lease components. It considers whether Success can benefit from the right-of-use asset either on its own or together with other resources and whether the asset is highly dependent on or highly interrelated with another right-of-use asset.

Success is required to discount lease payments using the rate implicit in the lease if that rate is readily available. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. Success generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available.

Success determines the incremental borrowing rate of each lease by estimating the credit rating of Success at the time the lease is recognized, referencing market yields corresponding to the credit rating and weighted average life of the lease, and factoring in other lease-specific factors such as assumed collateral.

**Income Tax Status**

Success has received a tax-exempt ruling under section 501(c)(3) from the Internal Revenue Service and, accordingly, is not subject to income tax unless it has unrelated trade or business income. Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. These standards require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of June 30, 2023 and 2022, Success believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Tax years ended June 30, 2020 and later remain subject to examination by the taxing authorities.

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2023 AND 2022

**(1) NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncement**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The adoption of these Updates did not have a material impact on Success.

**Date of Management Review**

Subsequent events have been evaluated through December 26, 2023, which is the date the financial statements were available to be issued.

**(2) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

At June 30, 2023 and 2022, Success has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures of \$2,875,055 and \$2,083,480, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date.

Success' objective is to maintain liquid assets without donor restrictions sufficient to cover 60 days of program expenditures. Success regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days utilizing the resources Success has available. In addition, Success operates with a budget to monitor sources and uses of funds throughout the year.

**(3) GRANTS RECEIVABLES**

Grants receivable at June 30, June 30, 2023 and 2022 consist of the following:

	2023	2022
Due from State of Louisiana	\$ 905,494	\$ 1,042,293
	\$ 905,494	\$ 1,042,293

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
JUNE 30, 2023 AND 2022

**(4) PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 367,839	\$ 367,839
Machinery and equipment	12,373	12,373
Less accumulated depreciation	<u>(257,367)</u>	<u>(134,268)</u>
Total	<u>\$ 122,845</u>	<u>\$ 245,944</u>

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$123,099 and \$120,321, respectively.

**(5) RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions consisted of the following at June 30<sup>th</sup>:

	<u>2023</u>	<u>2022</u>
Child nutrition	\$ 40,408	\$ 40,408
Pro Bono Publico	-	20,267
Reimagine grant	28,725	-
Other	<u>1,393</u>	<u>2,495</u>
Net assets with donor restrictions	<u>\$ 70,526</u>	<u>\$ 63,170</u>

Net assets with donor restrictions were released from restrictions for the following purposes during the years ended June 30<sup>th</sup>:

	<u>2023</u>	<u>2022</u>
Pro Bono Publico	\$ 20,267	\$ 16,002
Other	<u>1,102</u>	<u>8,853</u>
Net assets released from restrictions	<u>\$ 21,369</u>	<u>\$ 24,855</u>

**(6) RETIREMENT PLAN**

Success maintains an employer-sponsored defined contribution pension account defined in subsection 401(k). Employer matches up to 4% of the gross pay contributions of the employees. For the years ended June 30, 2023 and 2022, Success' contributions to the plan totaled \$150,502 and \$132,928, respectively.

**(7) LEASE COMMITMENTS**

As of July 1, 2021, Success entered into an agreement with the Orleans Parish School Board (OPSB) which allows the School to use the facilities and its contents located at 4621 Canal Street, New Orleans, Louisiana. The lease is scheduled to expire on June 30, 2024.

**SUCCESS PREPARATORY ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**(7) LEASE COMMITMENTS (CONTINUED)**

The aforementioned lease calls for payments based on a Use Fee and participation in OPSB's Per Pupil Unit Cost Program. The Use Fee is calculated annually and withheld from MFP funds by OPSB. The calculation is based on each charter schools per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management and flood insurance of all OPSB-controlled school facilities participating in the Per Pupil Unit Cost Program, and includes any insurance brokerage fee, unrelated to recovery of capital costs or depreciation that would be recovered in a traditional lease relationship.

Use of the properties in the aforementioned lease is not recorded as an in-kind contribution from, or related rent expense to, the OPSB as the value of the use of the land and building 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.

Success leased office equipment under six noncancelable operating leases that expire in various periods through the 2025 fiscal year. Rent expense was \$22,140 and \$17,474 for the years ended June 30, 2023 and 2022, respectively.

Future minimum lease payments under the operating leases are as follows:

2024	\$	2,940
2025		<u>1,850</u>
	\$	<u>4,790</u>

**(8) CONCENTRATIONS OF CREDIT RISK**

Success maintains cash in bank accounts in excess of insured limits periodically. Success has not experienced any losses and does not believe that significant credit risk exists as a result of this practice. All of the School's cash is maintained in collateralized bank accounts.

**(9) GRANT PROGRAM CONTINGENCIES**

Success participates in a number of state and federal grant programs, which are governed by various rules and regulations. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Success has not complied with the rules and regulations governing the grants, refunds of any money received and the collectability of any related receivable as of June 30, 2023 and 2022 might be impaired. In management's opinion, there are no significant contingent liabilities relating to compliance with the rules and regulations governing state and federal grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Audits of prior years have not resulted in any significant disallowed costs or refunds. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and Success.

**SUCCESS PREPARATORY ACADEMY**  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2023 AND 2022

**(10) ECONOMIC DEPENDENCY**

Success receives the majority of its revenue from the State of Louisiana. Minimum Foundation Program (MFP) funding for the years ended June 30, 2023 and 2022 totaled \$5,867,624 and \$4,632,551, respectively. Funding from various federal grants are passed through the State of Louisiana and totaled \$2,672,559 and \$2,841,957 for the years ended June 30, 2023 and 2022, respectively. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds Success receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will significantly affect the amount of funds Success will receive in fiscal year 2024 relating to its grant awards.

**(11) NEW ACCOUNTING PRONOUNCEMENTS**

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (Update) No. 2016-13, “*Financial Instruments-Credit Losses*.” The main objective of this Update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The amendments in this Update are effective for fiscal years beginning after December 15, 2022, and interim periods within that fiscal year. Success plans to adopt this Update as applicable by the effective date.

**(12) CHANGE IN ACCOUNTING PRINCIPLE**

During the year ended June 30, 2023, Success updated its functional expense methodology to reflect changes in its account and reporting structure. The effect of the change was to decrease administration functional expenses by \$1,765,691 and increase program expenses by \$1,765,691 for the year ended June 30, 2022.

**(13) SUBSEQUENT EVENTS**

In the summer of 2023, Success learned of a payroll error resulting in employee contributions and employer matching contributions not being made for certain stipend payments. Success has corrected this issue and is currently determining the amounts of missing employee and employer contributions. Once determined, Success will seek counsel from an ERISA attorney to address the issue. Success may be liable for missing employee and employer match contributions, interest, and penalties.

In December 2023 Success’ current charter was approved for a renewal term of an additional five years expiring on June 30, 2029.

**(14) RECLASSIFICATIONS**

Certain reclassifications have been made to the prior year’s financial statements to conform to the presentation of the current year financial statements. The reclassifications have no effect on net assets.

## **SUPPLEMENTARY INFORMATION**

**SUCCESS PREPARATORY ACADEMY**  
**SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	Adam Meinig
	07/01/22
Time served	through
	06/30/23
Private grants and contributions	\$ 150,000
Benefits - insurance	4,403
Benefits - retirement	6,000
Travel	113
Total compensation, benefits, and other payments	\$ 160,516

**OTHER REPORTING REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS***



**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 and Management of  
Success Preparatory Academy  
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 financial statements of Success Preparatory Academy (a non-profit corporation), which comprise the statement of financial position as of June 30, 2023, 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 26, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Success Preparatory Academy's internal control over financial reporting (internal control) as a basis for designing 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 Success Preparatory Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Success Preparatory Academy's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in 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 or significant deficiencies may exist that were not identified.



To the Board of Directors and Management of  
Success Preparatory Academy  
New Orleans, Louisiana

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Success Preparatory Academy'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 financial statements. 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 Success Preparatory Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Success Preparatory Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 26, 2023  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**SINGLE AUDIT SECTION**



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

To the Board of Directors and Management of  
Success Preparatory Academy  
New Orleans, Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Success Preparatory Academy's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Success Preparatory Academy's major federal programs for the year ended June 30, 2023. Success Preparatory Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Success Preparatory Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Success Preparatory Academy and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Success Preparatory Academy's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Success Preparatory Academy's federal programs.



To the Board of Directors and Management  
Success Preparatory Academy  
New Orleans, Louisiana

***Auditor’s Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Success Preparatory Academy’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Success Preparatory Academy’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Success Preparatory Academy’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Success Preparatory Academy’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Success Preparatory Academy’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



To the Board of Directors and Management  
Success Preparatory Academy  
New Orleans, Louisiana

## **Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

December 26, 2023  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**SUCCESS PREPARATORY ACADEMY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor/ Program Title	Federal AL Number	Federal Disbursements/ Expenditures
<b><u>U.S. Department of Education</u></b>		
<i>Pass-through program from Louisiana Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	\$ 298,484
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	\$ 127,705
Special Education - Preschool Grants	84.173	<u>3,714</u>
Total Special Education Cluster		131,419
English Language Acquisition State Grants	84.365	13,825
Improving Teacher Quality State Grants	84.367	32,456
Comprehensive Literacy Development	84.371	52,500
Student Support and Academic Enrichment Program	84.424	24,481
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	482,128
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	<u>870,104</u>
Total Education Stabilization Fund		<u>1,352,232</u>
 Total U.S. Department of Education		 <u>1,905,397</u>
<b><u>U.S. Department of Agriculture</u></b>		
<i>Pass-through program from Louisiana Department of Education</i>		
Child Nutrition Cluster		
School Breakfast Program	10.553	147,984
National School Lunch Program	10.555	<u>309,809</u>
Total Child Nutrition Cluster		457,793
Child and Adult Care Food Program	10.558	<u>218,860</u>
 Total U.S. Department of Agriculture		 <u>676,653</u>
<b><u>U.S. Department of Health and Human Services</u></b>		
<i>Pass-through program from Louisiana Department of Education</i>		
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	<u>14,500</u>
 Total U.S. Department of Health and Human Services		 <u>14,500</u>
 Total expenditures of federal awards		 <u>\$ 2,596,550</u>

(See Independent Auditors' Report)

**SUCCESS PREPARATORY ACADEMY**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023

**(1) BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Success Preparatory Academy under programs of the federal government for the year ended June 30, 2023. The information in the schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of Success Preparatory Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Success Preparatory Academy.

**(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Expense Recognition**

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

**Payments to Subrecipients**

There were no payments to subrecipients for the fiscal year ended June 30, 2023.

**Non-Cash Assistance**

Nonmonetary assistance in the amount of \$21,629 is reported in the schedule of expenditures of federal awards as AL Nos. 10.555 at the fair market value of the commodities received and disbursed.

**(3) INDIRECT COST RATE**

Success Preparatory Academy has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**SUCCESS PREPARATORY ACADEMY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**I. SUMMARY OF AUDITORS' REPORTS**

1. The auditors' report expresses an unmodified opinion on the financial statements of Success Preparatory Academy.
2. No significant deficiencies or material weaknesses in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Prepared in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance are reported in the Independent Auditor's 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*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Success Preparatory Academy expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were the Education Stabilization Fund (AL Nos. 84.425D and 84.425U).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Success Preparatory Academy was determined to be a low-risk auditee.
10. A management letter was not issued for the year ended June 30, 2023.

**II. FINDINGS – FINANCIAL STATEMENT AUDIT**

There were no findings related to the financial statements for the year ended June 30, 2023.

**III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

There were no findings related to major federal awards programs for the year ended June 30, 2023.

**SUCCESS PREPARATORY ACADEMY**  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**I. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

Not applicable

**II. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FEDERAL AWARDS**

Not applicable

**III. MANAGEMENT LETTER**

Not applicable

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



**INDEPENDENT ACCOUNTANTS' REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors and Management of  
Success Preparatory Academy  
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Success Preparatory Academy for the fiscal year ended June 30, 2023; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of Success Preparatory Academy is responsible for its performance and statistical data.

Success Preparatory Academy has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the performance and statistical data accompanying the annual financial statements. Additionally, the Louisiana Department of Education and the Louisiana Legislative Auditor have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed 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:
  - a. Total General Fund Instructional Expenditures,
  - b. Total General Fund Equipment Expenditures,
  - c. Total Local Taxation Revenue,
  - d. Total Local Earnings on Investment in Real Property,
  - e. Total State Revenue in Lieu of Taxes,
  - f. Nonpublic Textbook Revenue,
  - g. Nonpublic Transportation Revenue.

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



To the Board of Directors and Management  
Success Preparatory Academy

Class Size Characteristics (Schedule 2)

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

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

Education Levels/Experience of Public School Staff (NO SCHEDULE)

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

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

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30<sup>th</sup> 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 obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

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

We were engaged by Success Preparatory Academy to perform this agreed-upon procedures engagement and conducted our engagement 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 engagement, 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.

To the Board of Directors and Management  
Success Preparatory Academy

We are required to be independent of Success Preparatory Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope and results of testing performed on the performance and statistical data accompanying the annual financial statements of the Success Preparatory Academy, as required by Louisiana Revised Statute 24:514.I, and for the information and use of Success Preparatory Academy, the Louisiana Department of Education, and the Louisiana Legislative Auditor. Accordingly, this report is not suitable for any other purpose and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

December 26, 2023  
New Orleans, Louisiana

*Ericksen Krentel, LLP*  
Certified Public Accountants

**SUCCESS PREPARATORY ACADEMY**  
**GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES AND**  
**CERTAIN LOCAL REVENUE SOURCES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES**

	<u>Column A</u>	<u>Column B</u>
General fund instructional expenditures:		
Teacher and student interaction activities:		
Classroom teacher salaries	\$ 1,785,004	
Other instructional staff salaries	1,899,937	
Instructional staff employee benefits	520,237	
Purchased professional and technical services	166,273	
Instructional materials and supplies	246,656	
Total teacher and students interaction activities		\$ 4,618,107
Other instructional activities		-
Pupil support services	136,891	
Less: Equipment for pupil support services	-	
Net pupil support services		136,891
Instructional staff services	138,534	
Less: Equipment for instructional staff services	-	
Net instructional staff services		138,534
School administration	583,392	
Less: equipment for school administration	-	
Net school administration		583,392
Total general fund instructional expenditures (total of column B)		\$ 5,476,924
Total General fund equipment expenditures		\$ -
<b><u>CERTAIN LOCAL REVENUE SOURCES</u></b>		
Total local taxation revenue		\$ -
Total local earnings on investment in real property		\$ -
Total state revenue in lieu of taxes		\$ -
Nonpublic textbook revenue		\$ -
Nonpublic transportation revenue		\$ -

(See Independent Accountants' Report on Applying Agreed-Upon Procedures)

**SUCCESS PREPARATORY ACADEMY**  
**CLASS SIZE CHARACTERISTICS**  
**FOR THE YEAR ENDED JUNE 30, 2023**  
AS OF OCTOBER 1, 2022

	<b>CLASS SIZE RANGE</b>							
	1-20		21-26		27-33		34+	
<b>SCHOOL TYPE:</b>	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	23%	34	23%	33	19%	28	0%	-
Elementary/Activity Classes	6%	9	18%	26	11%	16	0%	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
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. These limits are not applicable to charter schools.

**SUCCESS PREPARATORY ACADEMY**  
**NEW ORLEANS, LOUISIANA**  
**LOUISIANA LEGISLATIVE AUDITOR**  
**STATEWIDE AGREED-UPON PROCEDURES**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2023**



**ERICKSEN KRENTEL**<sup>LLP</sup>  
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Governance of  
Success Preparatory Academy

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. Success Preparatory Academy's management is responsible for those C/C areas identified in the SAUPs.

Success Preparatory Academy has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are attached in Schedule "1."

We were engaged by Success Preparatory Academy to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of Success Preparatory Academy and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended 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.

December 26, 2023  
New Orleans, Louisiana

  
Certified Public Accountants

SUCCESS PREPARATORY ACADEMY  
AGREED-UPON PROCEDURES  
JULY 1, 2022 – JUNE 30, 2023

**WRITTEN POLICIES AND PROCEDURES**

1. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving.
  - d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
  - e) ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
  - f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
  - g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
  - h) ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
  - i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

SUCCESS PREPARATORY ACADEMY  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**WRITTEN POLICIES AND PROCEDURES (CONTINUED)**

- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- k) ***Information Technology 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.
- l) ***Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

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

**BOARD OR FINANCE COMMITTEE**

- 2. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
  - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - b) Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.
  - c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
  - d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the finding are considered fully resolved.

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

SUCCESS PREPARATORY ACADEMY  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**BANK RECONCILIATIONS**

3. **Procedures:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
  - c) Management has documentation reflecting 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 procedure.

**COLLECTIONS**

4. **Procedures:** Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5):
5. **Procedures:** For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:
- a) Employees responsible for cash collections do not share cash drawers/registers.
  - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.
  - c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

SUCCESS PREPARATORY ACADEMY  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**COLLECTIONS (CONTINUED)**

- 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/official verifies the reconciliation.
6. **Procedures:** Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.
7. **Procedures:** Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:
- a) Observe that receipts are sequentially pre-numbered.
  - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - c) Trace the deposit slip total to the actual deposit per the bank statement.
  - d) Observe 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 and the cash is stored securely in a locked safe or drawer).
  - 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.

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS, TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES)**

8. **Procedures:** Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5):

SUCCESS PREPARATORY ACADEMY  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,  
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES; CONTINUED)**

9. **Procedures:** For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
  - b) At least two employees are involved in processing and approving payments to vendors.
  - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files unless another employee is responsible for periodically reviewing changes to vendor files.
  - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
  - e) Only employees/officials authorized to sign checks approve electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic fund transfer (EFT), wire transfer, or some other electronic means
10. **Procedures:** For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:
- a) Observe that the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.
  - b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #9, as applicable.
11. **Procedures:** Using the entity's main operating account and the month selected in the Bank Reconciliations procedures, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was:
- a) Approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and

SUCCESS PREPARATORY ACADEMY  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**NON-PAYROLL DISBURSEMENTS (EXCLUDING CARD PURCHASES/PAYMENTS,  
TRAVEL REIMBURSEMENTS, AND PETTY CASH PURCHASES; CONTINUED)**

- b) Approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected, the practitioners should select an alternative month and/or account for testing that does include electronic disbursements.

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

**CREDIT CARDS/DEBIT CARDS/P-CARDS**

12. **Procedure:** 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.
13. **Procedures:** 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 whether 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]
- b) Observe that finance charges and late fees were not assessed on the selected statements.
14. **Procedure:** Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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).
15. 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.

SUCCESS PREPARATORY ACADEMY  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**CREDIT CARDS/DEBIT CARDS/P-CARDS (CONTINUED)**

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

**TRAVEL AND TRAVEL-RELATED EXPENSE REIMBURSEMENTS (EXCLUDING CARD TRANSACTIONS)**

16. **Procedures:** Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:
- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).
  - b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
  - c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
  - d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

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

**CONTRACTS**

17. **Procedures:** Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
  - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

SUCCESS PREPARATORY ACADEMY  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**CONTRACTS (CONTINUED)**

- c) If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that the amendments were made in compliance with contract terms (e.g., if approval is required for any amendment, was approval documented)
- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

**PAYROLL AND PERSONNEL**

- 18. **Procedures:** Obtain a listing of employees and officials employed during the fiscal period, and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- 19. **Procedures:** Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
  - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
  - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
  - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
  - d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.
- 20. **Procedures:** Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employees' or officials' cumulative leave records, agree the pay rates to the employees' or officials' authorized pay rates in the employees' or officials' personnel files and agree the termination payment to entity policy.

SUCCESS PREPARATORY ACADEMY  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**PAYROLL AND PERSONNEL (CONTINUED)**

21. **Procedures:** Obtain management's representation that employer garnishments and third-party payroll related amounts (e.g. employee portions of payroll taxes, retirement contributions, health insurance premiums, workers' compensation premiums, etc.) have been paid, and associated forms have been filed, by required deadlines.

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

**ETHICS**

22. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
- b) Observe that the documentation demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- c) Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

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

**DEBT SERVICE**

23. **Procedures:** Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

24. **Procedures:** Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

**Results:** Not applicable. The school did not issue or have any outstanding bonds/notes/other debt instruments during the year ended June 30, 2023.

SUCCESS PREPARATORY ACADEMY  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**FRAUD**

25. **Procedures:** Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
26. **Procedures:** Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

**INFORMATION TECHNOLOGY/DISASTER RECOVERY/ BUSINESS CONTINUITY**

27. **Procedures:** Perform the following procedures:
- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
  - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
  - c) Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
28. **Procedures:** Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in payroll procedures. Observe evidence that the selected terminated employees have been removed or disabled from the network.

**Results:** We performed the procedure and discussed the results with management.

SUCCESS PREPARATORY ACADEMY  
AGREED-UPON PROCEDURES (CONTINUED)  
JULY 1, 2022 – JUNE 30, 2023

**SEXUAL HARASSMENT**

29. **Procedures:** Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.
30. **Procedures:** Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
31. **Procedures:** Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344.
- a) Number and percentage of public servants in the agency who have completed the training requirements;
  - b) Number of sexual harassment complaints received by the agency;
  - c) Number of complaints which resulted in a finding that sexual harassment occurred;
  - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
  - e) Amount of time it took to resolve each complaint.

**Results:** The Organization is a non-profit charter school that is not subject to the sexual harassment law or training requirements.