

**ARISE SCHOOLS**  
COMBINING FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017

<b>Table of Contents</b>	<b>Page(s)</b>
<b>Independent Auditor's Report</b>	1-2
<b>Combining Financial Statements:</b>	
Combining Statement of Financial Position	3
Combining Statement of Activities	4
Combining Statement of Cash Flows	5
Notes to Combining Financial Statements	6-11
<b>Supplementary Information:</b>	
Schedule of Compensation, Benefits and Other Payments to the Agency Head	12
Combining Schedule of Financial Position	13
Combining Schedule of Activities	14
<b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements In Performed In Accordance with <i>Government Auditing Standards</i></b>	15-16
<b>Independent Auditor's Report on Compliance for Each Major Program and On Internal Control Over Compliance Required by the Uniform Guidance</b>	17-18
<b>Schedule of Expenditures of Federal Awards</b>	19
<b>Notes to the Schedule of Expenditures of Federal Awards</b>	20
<b>Schedule of Findings and Questioned Costs</b>	21
<b>Schedule of Prior Year Findings and Questioned Costs</b>	22
<b>Independent Accountant's Report On Applying Agreed-Upon Procedures</b>	23-26
<b>Schedules required by Louisiana State Law (R.S. 24:514 – Performance and Statistical Data)</b>	
Schedule 1: General Fund Instructional and Support Expenditures and Certain Local Revenue Sources for the Year Ended June 30, 2017	27
Schedule 2: Education Levels of Public School Staff	28
Schedule 3: Number and Type of Public Schools	29

**Table of Contents (continued)****Page(s)**

---

Schedule 4: Experience of Public Principals, Assistant Principals and Full-time Classroom Teachers	30
Schedule 5: Public School Staff Data: Average Salaries	31
Schedule 6: Class Size Characteristics	32
Schedule 7: Louisiana Educational Assessment Program (LEAP)	33-35
Schedule 8: Graduation Exit Examination (GEE)	36
Schedule 9: iLEAP Tests	37-38

---

**Independent Accountant's Report  
On Applying Agreed-Upon Procedures**39-50

---



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
ARISE Schools  
New Orleans, Louisiana

### *Report on the Financial Statements*

We have audited the accompanying combining financial statements of ARISE Schools (a nonprofit organization), which comprise the combining statement of financial position as of June 30, 2017, and the related combining statements of activities and cash flows for the year then ended, and the related notes to the combining financial statements.

### *Management's Responsibility for the Combining Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these combining financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combining financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of ARISE Schools as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the combining financial statements as a whole. The accompanying schedule of compensation, benefits, and other payments to the agency head, the combining statement of financial position, the combining statement of activities and the schedule of expenditures of federal awards, as required by the as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the combining 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 combining financial statements. The information has been subjected to the auditing procedures applied in the audit of the combining financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining financial statements or to the combining financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the combining 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 18, 2017 on our consideration of ARISE Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ARISE Schools' internal control over financial reporting and compliance.

***Hienz & Macaluso, LLC***  
Metairie, Louisiana  
December 18, 2017

**ARISE SCHOOLS**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 1,191,927
Grant receivables	990,566
Other receivables	6,622
Prepaid expenses	<u>138,706</u>
Total current assets	<u>2,327,821</u>
Property and Equipment:	
Bus fleet	491,854
Leasehold improvements	51,367
Office and classroom equipment	26,123
Less: accumulated depreciation	<u>(426,435)</u>
Total property & equipment, net	<u>142,909</u>
Total assets	<u>2,470,730</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:	
Accounts payable and accrued expenses	382,573
Line of credit	<u>112,000</u>
Total current liabilities	<u>494,573</u>
Total liabilities	<u>494,573</u>
Net Assets:	
Unrestricted	<u>1,976,157</u>
Total net assets	<u>1,976,157</u>
Total liabilities and net assets	<u>\$ 2,470,730</u>

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

**ARISE SCHOOLS**  
**COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Revenues:	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
State public school funding	\$ 9,959,345	\$ -	\$ 9,959,345
Federal grants	2,491,422	-	2,491,422
Donations and contributions	149,380	-	149,380
Net assets released from restrictions:			
Time and purpose restrictions satisfied	<u>-</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>12,600,147</u>	 <u>-</u>	 <u>12,600,147</u>
 Program services:			
Regular educational programs	4,432,019	-	4,432,019
Special educational programs	1,232,150	-	1,232,150
Other instructional programs	89,375	-	89,375
Pupil support services	732,368	-	732,368
Instructional staff services	408,738	-	408,738
School administration	1,834,924	-	1,834,924
Student transportation services	1,060,454	-	1,060,454
Operation and maintenance of plant services	1,173,477	-	1,173,477
Food service operations	932,030	-	932,030
Management and general:			
Business administration	232,211	-	232,211
Central services	226,140	-	226,140
General administration	<u>428,216</u>	<u>-</u>	<u>428,216</u>
 Total expenses	 <u>12,782,102</u>	 <u>-</u>	 <u>12,782,102</u>
 Change in net assets	 (181,955)	 -	 (181,955)
 Net assets, beginning of year	 <u>2,158,112</u>	 <u>-</u>	 <u>2,158,112</u>
 Net assets, end of year	 <u>\$ 1,976,157</u>	 <u>\$ -</u>	 <u>\$ 1,976,157</u>

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

**ARISE SCHOOLS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ (181,955)
Adjustments to reconcile change in net assets to to net cash (used) by operating activities:	
Depreciation	132,335
Decrease in grant receivable	(526,189)
Increase in other receivable	84,689
Decrease in prepaid expense	(56,000)
Decrease in accounts payable and accrued expenses	13,131
Net cash (used) by operating activities	<u>(533,989)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of equipment	<u>(43,494)</u>
Net cash (used) by investing activities	<u>(43,494)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Payments on line of credit	<u>(48,000)</u>
Net cash (used) by financing activities	<u>(48,000)</u>
Net decrease in cash and cash equivalents	(625,483)
Cash and cash equivalents, beginning of year	<u>1,817,410</u>
Cash and cash equivalents, end of year	<u>\$ 1,191,927</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>	
Cash paid for interest	<u>\$ 6,998</u>

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



**ARISE SCHOOLS**  
**NOTES TO COMBINING FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

***Organization***

ARISE Schools ("ARISE") (a nonprofit organization) was incorporated in the fall of 2008 for the purpose of operating a charter school in New Orleans, Louisiana. ARISE was created to offer extended academic time, rigorous college preparatory curriculum and instruction in a foreign language to all students daily. The State Board of Elementary and Secondary Education ("BESE") granted ARISE a Type 5 charter to operate ARISE Academy ("AA").

On December 5, 2012, BESE granted ARISE an additional Type 5 charter to operate Mildred Osborne Charter School ("MOCS") beginning on July 1, 2013.

***Basis of Accounting***

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

***Basis of Presentation***

ARISE follows the provisions of Not-For-Profit Entities Topic of Financial Accounting Standards Boards Accounting Standards Codification 958, which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and classification of resources into three separate classes of net assets, as follows:

- Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by ARISE are limited by donor-imposed stipulations that either expire by the passage of time or that can be fulfilled or removed by actions of ARISE pursuant to such stipulations. At June 30, 2017, there were no temporarily restricted net assets.
- Permanently Restricted - Net assets whose use by ARISE are limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled and removed by actions of ARISE. At June 30, 2017, there were no permanently restricted net assets.

***Estimates***

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

***Cash and Cash Equivalents***

For the purpose of the combining statements of cash flows, ARISE considers all unrestricted highly-liquid investments with an initial maturity of less than three months as cash and cash equivalents.

**ARISE SCHOOLS**  
**NOTES TO COMBINING FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

*Receivables*

Grants and other receivables are stated at the amount management expects to collect from balances outstanding at year-end. Management closely monitors outstanding balances and writes-off any balances that are deemed uncollectible and; therefore, does not record an allowance for doubtful accounts.

*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. ARISE maintains a capitalization threshold of \$5,000 for furniture and equipment, land, and leasehold improvements, or any one item costing under \$5,000 alone but purchased in a group for over \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported property and equipment except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements - life of lease or 5 years, whichever is greater  
Office and classroom equipment 5-7 years  
Vehicles 4 years

For the year ended June 30, 2017, depreciation expense was \$132,335.

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

*Public Support and Revenue*

ARISE receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. Irrevocable promises to give and outright contributions are recorded as revenue on the accrual basis as they are received, and allowances are provided for promises to give estimated to be uncollectible. Promises to give and contributions are principally received from corporate, foundation, and individual donors around the United States. Both promises to give and contributions are considered available for unrestricted use unless specifically restricted by donors. Irrevocable promises to give which relate to a subsequent year are recorded as receivables and temporarily restricted net assets in the year the commitment is received. Contributions whose donor restrictions are met in the same reporting period are reported as unrestricted support.

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.

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

**ARISE SCHOOLS**  
**NOTES TO COMBINING FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

*Public Support and Revenue (continued)*

purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combining statements of activities as net assets released from restrictions.

*Income Tax Status*

ARISE is a Louisiana nonprofit organization under Section 509 (a) (3) of the Internal Revenue Code that has been granted an exemption from the payment of income taxes under Section 501 (c) (3) and has been determined to be other than a private foundation. ARISE's management believes that ARISE continues to operate in a manner that preserves its tax exempt status.

On January 1, 2009, ARISE adopted Financial Accounting Standards Board standard relating to the accounting for uncertainty in income taxes. The tax effect from an uncertain tax position can be recognized in the combining financial statements, only if the position is more likely than not to be sustained on audit, based on the technical merits of the position. ARISE recognizes the combining financial statement benefits of a tax position only after determining that the relevant tax authority would be more likely than not to sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the combining financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized, upon ultimate settlement with the relevant tax authority. At the adoption date, ARISE applied the new accounting standard to all tax positions for which the statute of limitations remained open. ARISE did not make any adjustment to beginning net assets as a result of the implementation of the accounting standard.

Based on its evaluation, ARISE has concluded that there are no significant uncertain tax positions requiring recognition in its combining financial statements. ARISE is no longer subject to U.S. federal income tax examinations by the Internal Revenue Service ("the IRS") for the years before 2014.

NOTE 2 CONCENTRATIONS:

ARISE maintains its cash balances at various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per financial institution for the year ending June 30, 2017. At times during the year, the ARISE's balances may exceed the FDIC insured amount.

For the year ended June 30, 2017, ARISE received 99% of its total revenues from Federal and State grantors.

NOTE 3 RETIREMENT PLAN:

Employees of ARISE are eligible to participate in the defined contribution plan administered by ARISE. The Plan is a 403(b) defined contribution plan. Employees are allowed to make contributions during the year subject to limitations imposed by the IRS. ARISE provides an employer matching contribution of up to 3% of the employee's salary. For the year ended June 30, 2017, ARISE made employer contributions of \$179,411.

**ARISE SCHOOLS**  
**NOTES TO COMBINING FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

NOTE 4 COMPENSATED ABSENCES:

School-Based Employees:

All school-based employees are granted seventy-two (72) hours paid time off (PTO) at the beginning of each year. These days are to be used in case of illness, to handle personal affairs, or for any other personal reason an employee needs a day off. If an employee starts after the beginning of the school year, personal leave/sick days are pro-rated. Unused balances, if any, are forfeited upon employee termination and at the conclusion of the fiscal year.

School Support Center Employees:

School support center employees work throughout the year and observe the school holidays. All full time ARISE employees will receive a total of seventy-two (72) hours PTO (a combination of vacation time, sick time, and personal holiday time) per year. Unused balances, if any, are forfeited upon employee termination and at the conclusion of the fiscal year.

NOTE 5 LEASE AGREEMENTS:

ARISE entered into a rent-free lease agreement with the State of Louisiana Department of Education, Recovery School District (the "RSD") for the period from July 1, 2009 through June 30, 2012 for the use of Dr. Charles Drew Elementary ("Drew") main buildings, cafeteria, and grounds as school facilities. This lease was extended for an additional two (2) years with the lease extension ending June 30, 2014.

The RSD terminated the Drew lease with ARISE during year ended June 30, 2014 in order to perform renovations on Drew's facilities. ARISE signed a new lease under similar terms as the original for the Frederick A. Douglass ("Douglass") School Building located directly across the street from Drew. The new lease was for the period from July 1, 2013 through June 30, 2015 for the use of Douglass's main buildings, cafeteria, and grounds as school facilities. ARISE terminated the Douglass lease on June 15, 2015 upon completion of construction of the Dr. Charles Drew Elementary ("Drew") main buildings, cafeteria, and grounds as school facilities. On February 27, 2015, ARISE, once again, entered into a lease agreement with RSD for the use of for the use of the Dr. Charles Drew Elementary ("Drew") main buildings, cafeteria, and grounds as school facilities. The new lease shall commence on February 27, 2015 and shall remain effective until the earlier of (1) five years from the date of commencement or (2) the last day of the term of the Charter School Contract. Monthly rent payments of \$92,497 shall commence on the date of completion of construction and will continue on the first day of each month thereafter during the terms of the lease. Construction was substantially complete on April 20, 2015 however; the fees were waived by RSD until July 1, 2015.

Future minimum commitments under the Drew lease agreement are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$1,109,964
2019	<u>1,109,964</u>
	<u>\$2,219,928</u>

ARISE is entitled to receive monies through their local revenue allocation to partially offset the costs of the rent payments. For the year ended June 30, 2017, ARISE received \$725,347 through the local revenue

**ARISE SCHOOLS**  
**NOTES TO COMBINING FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

NOTE 5 LEASE AGREEMENTS (continued):

allocation to partially offset the cost of the rental payments. For the year ended June 30, 2017, rental expense net of the allocation was \$384,617.

Additionally, ARISE signed another rent-free lease with RSD for the use of the Mildred Osborne Charter School Building located at 6701 Curran Blvd in New Orleans. The new lease is for the period from July 1, 2013 through June 30, 2016 for the use of the main buildings, cafeteria, and grounds as school facilities. This lease may be extended for an additional two (2) years ending June 30, 2018 in the event that BESE extends ARISE's charter contract for MOCS. During the year ended June 30, 2015, ARISE renewed the lease to extend the term until June 30, 2018. This lease may be extended for an additional year ending June 30, 2019 in the event that BESE extends ARISE's charter contract for MOCS.

ARISE is responsible for the payment of services such as utilities, janitorial and sanitation, and disposal services. Property taxes are allocated to ARISE at a pro-rata calculation based upon student enrollment at the schools. The lease agreements state the RSD may move ARISE at any time as long as the RSD provides another facility deemed reasonable, taking into consideration such factors as building capacity, design alignment with grade levels served by ARISE, projected enrollment, program specific needs, and community needs. ARISE may terminate this agreement upon a 60 day notice to relocate its school to a non-RSD facility. The RSD may terminate this agreement with cause prior to the end of the specified term in the event ARISE fails to remedy a material breach within a period reasonable under the circumstances, but not less than 15 days after notice from the RSD.

The yearly rental amount of this rent-free lease has been valued based on a schedule included in the signed lease agreement indicating the rent that would be charged to nonprofit organizations for rental of the buildings. For the year ended June 30, 2017, the value of free rent \$310,250. This amount is not reflected in the financial statements.

At June 30, 2017, ARISE has entered into six (6) operating leases for the rental of twelve (12) copiers. Terms on the leases are forty-eight (48) months. For the year ended June 30, 2017, rental payments under these leases was \$42,668.

Future minimum commitments under the operating lease agreements are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 41,437
2019	32,623
2020	<u>20,780</u>
	<u>\$ 94,840</u>

NOTE 6 LINE OF CREDIT:

ARISE has a \$200,000 line of credit (the "line") with a local financial institution. The line matures on May 15, 2018 and bears interest at a variable rate based on the Wall Street Journal Prime rate. At June 30, 2017, the interest rate was five (5) percent. The line is secured by ARISE's deposit account at the financial institution. At June 30, 2017, the balance on the line is \$112,000. For the year ended June 30, 2017, interest expense was \$5,998.

**ARISE SCHOOLS**  
**NOTES TO COMBINING FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

NOTE 7 CONTINGENCIES:

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

NOTE 8 DATE OF MANAGEMENT'S REVIEW:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 18, 2017, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

**SUPPLEMENTARY INFORMATION**

**ARISE SCHOOLS  
SCHEDULE OF COMPENSATION, BENEFITS  
AND OTHER PAYMENTS TO THE AGENCY HEAD  
FOR THE YEAR ENDED JUNE 30, 2017**

Agency Head Name: Andrew Shahan, CEO

Note: For FYE 6-30-2017, Andrew Shahan served as both CEO of ARISE Schools and principal of Mildred Osborne Charter School.

<u>Purpose</u>	<u>Amount</u>
Salary - CEO	\$ 135,000
Salary - Principal of Mildred Osborne	30,000
Benefits - Employer Portion of Insurance	10,932
Benefits - Employer Portion of Retirement - CEO	4,050
Benefits - Employer Portion of Retirement - Principal	900
Benefits - Employer Portion of Social Security - CEO	7,005
Benefits - Employer Portion of Social Security - Principal	1,628
Benefits - Employer Portion of Medicare - CEO	1,882
Benefits - Employer Portion of Medicare - Principal	435
Benefits - Employer Portion of Unemployment Insurance	152
Benefits - Employer Portion of Worker's Compensation	1,049
Cell phone and Ipad	753
Travel	290
Meals	105
Total	\$ <u>194,180</u>



**ARISE SCHOOLS**  
**COMBINING SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2017**

	<u>ARISE</u>	<u>CMO</u>	<u>MOCS</u>	<u>Interfund Eliminations</u>	<u>Total</u>
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 1,159,775	\$ 10,932	\$ 21,220	\$ -	\$ 1,191,927
Grant receivables	421,397	-	569,169	-	990,566
Other receivables	1,349	-	5,273	-	6,622
Prepaid expenses	130,750	2,248	5,708	-	138,706
Due from other entity	2,097,984	2,542,989	2,620,601	(7,261,574)	-
Total current assets	<u>3,811,255</u>	<u>2,556,169</u>	<u>3,221,971</u>	<u>(7,261,574)</u>	<u>2,327,821</u>
Property and Equipment:					
Bus fleet	245,927	-	245,927	-	491,854
Leasehold improvements	-	-	51,367	-	51,367
Office and classroom equipment	20,023	-	6,100	-	26,123
Less: accumulated depreciation	(211,515)	-	(214,920)	-	(426,435)
Total property & equipment, net	<u>54,435</u>	<u>-</u>	<u>88,474</u>	<u>-</u>	<u>142,909</u>
Total assets	<u>3,865,690</u>	<u>2,556,169</u>	<u>3,310,445</u>	<u>(7,261,574)</u>	<u>2,470,730</u>
Liabilities and Net Assets:					
Current Liabilities:					
Accounts payable and accrued expenses	350,059	2,110	30,404	-	382,573
Due to other entity	2,620,601	2,263,240	2,377,733	(7,261,574)	-
Line of credit	112,000	-	-	-	112,000
Total current liabilities	<u>3,082,660</u>	<u>2,265,350</u>	<u>2,408,137</u>	<u>(7,261,574)</u>	<u>494,573</u>
Total liabilities	<u>3,082,660</u>	<u>2,265,350</u>	<u>2,408,137</u>	<u>(7,261,574)</u>	<u>494,573</u>
Net Assets:					
Unrestricted	783,030	290,819	902,308	-	1,976,157
Total net assets	<u>783,030</u>	<u>290,819</u>	<u>902,308</u>	<u>-</u>	<u>1,976,157</u>
Total liabilities and net assets	<u>\$ 3,865,690</u>	<u>\$ 2,556,169</u>	<u>\$ 3,310,445</u>	<u>\$ -</u>	<u>\$ 2,470,730</u>

**ARISE SCHOOLS**  
**COMBINING SCHEDULE OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	AA			CMO	MOCS			Interfund Eliminations	Combined Totals
	Unrestricted	Temporarily Restricted	Total		Unrestricted	Temporarily Restricted	Total		
State public school funding	\$ 5,258,585	\$ -	\$ 5,258,585	\$ -	\$ 4,700,760	\$ -	\$ 4,700,760	\$ -	\$ 9,959,345
Federal grants	1,232,777	-	1,232,777	-	1,258,645	-	1,258,645	-	2,491,422
Donations and contributions	78,289	-	78,289	-	71,091	-	71,091	-	149,380
School administration	-	-	-	850,000	-	-	-	(850,000)	-
Net assets released from restrictions:									
Time and purpose restrictions satisfied	-	-	-	-	-	-	-	-	-
Total revenues	6,569,651	-	6,569,651	850,000	6,030,496	-	6,030,496	(850,000)	12,600,147
Program services:									
Regular educational programs	2,241,768	-	2,241,768	57,262	2,132,989	-	2,132,989	-	4,432,019
Special educational programs	664,521	-	664,521	-	567,629	-	567,629	-	1,232,150
Other instructional programs	33,709	-	33,709	-	55,666	-	55,666	-	89,375
Pupil support services	244,016	-	244,016	-	488,352	-	488,352	-	732,368
Instructional staff services	127,095	-	127,095	135,821	145,822	-	145,822	-	408,738
School administration	1,229,821	-	1,229,821	327,814	1,127,289	-	1,127,289	(850,000)	1,834,924
Student transportation services	530,486	-	530,486	-	529,968	-	529,968	-	1,060,454
Operation and maintenance									
of plant services	715,369	-	715,369	-	458,108	-	458,108	-	1,173,477
Food service operations	462,099	-	462,099	-	469,931	-	469,931	-	932,030
Management and general:									
Business administration	24,310	-	24,310	193,107	14,794	-	14,794	-	232,211
Central services	79,336	-	79,336	43,188	103,616	-	103,616	-	226,140
General administration	351,226	-	351,226	17,671	59,319	-	59,319	-	428,216
Total expenses	6,703,756	-	6,703,756	774,863	6,153,483	-	6,153,483	(850,000)	12,782,102
Change in Net Assets	(134,105)	-	(134,105)	75,137	(122,987)	-	(122,987)	-	(181,955)
Net Assets, Beginning of Period	917,135	-	917,135	215,682	1,025,295	-	1,025,295	-	2,158,112
Net Assets, End of Period	783,030	-	783,030	290,819	902,308	-	902,308	-	1,976,157



**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***

To the Board of Directors  
ARISE Schools  
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 combining financial statements of ARISE Schools (the “Organization”) (a nonprofit organization), which comprise the combining statement of financial position as of June 30, 2017, and the related combining statements of activities, and cash flows for the year then ended, and the related notes to the combining financial statements, and have issued our report thereon dated December 18, 2017.

**Internal Control Over Financial Reporting**

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity'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 Louisiana Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*

Metairie, Louisiana

December 18, 2017



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

To the Board of Directors  
ARISE Schools  
New Orleans, LA

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

We have audited ARISE Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of ARISE Schools' major federal programs for the year ended June 30, 2017. ARISE Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, ARISE Schools 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, 2017.

## **Report on Internal Control Over Compliance**

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

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

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

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

*Hienz & Macaluso, LLC*  
Metairie, Louisiana  
December 18, 2017

**ARISE SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
United States Department of Agriculture			
<b><i>Child Nutrition Cluster</i></b>			
School Breakfast Program	10.553	LA Depart of Education	\$ <u>266,376</u>
Total School Breakfast Program			<u>266,376</u>
National School Lunch Program	10.555	LA Depart of Education	<u>459,144</u>
Total National School Lunch Program			<u>459,144</u>
<i>Total United States Department of Agriculture</i>			<u>725,520</u>
<b><i>Total Child Nutrition Cluster-Cluster</i></b>			
<hr/>			
United States Department of Education			
<b><i>Special Education Cluster (IDEA)-Cluster</i></b>			
Special Education Grants to States	84.027	LA Depart of Education	<u>234,275</u>
Total Special Education Grants to States			<u>234,275</u>
Special Education Preschool Grants	84.173	LA Depart of Education	<u>10,654</u>
Total Special Education Preschool Grants			<u>10,654</u>
<i>Total United States Department of Education</i>			<u>244,929</u>
<b><i>Total Special Education Cluster (IDEA)-Cluster</i></b>			
<hr/>			
<b><i>Other Programs</i></b>			
Department of Education			
Title I Grants to Local Educational Agencies	84.010	LA Depart of Education	<u>678,887</u>
Total Title I Grants to Local Educational Agencies			<u>678,887</u>
Improving Teacher Quality State Grants	84.367	LA Depart of Education	<u>74,629</u>
Total Improving Teacher Quality State Grants			<u>74,629</u>
School Improvement Grants	84.377	LA Depart of Education	<u>386,177</u>
Total School Improvement Grants			<u>386,177</u>
<i>Total Department of Education</i>			<u>1,139,693</u>
<hr/>			
United States Department of Agriculture			
Child and Adult Care Food Program	10.558	LA Depart of Education	<u>373,057</u>
Total Child and Adult Care Food Program			<u>373,057</u>
<i>Total United States Department of Agriculture</i>			<u>373,057</u>
<b><i>Total Other Programs</i></b>			<u>1,512,750</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u>\$ <u>2,483,199</u></u>

The accompanying notes are an integral part of this schedule

**ARISE SCHOOLS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of ARISE Schools under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of ARISE Schools, it is not intended to and does not present the financial position, changes in net assets, or cash flows of ARISE Schools

**NOTE B – Summary of Significant Accounting Policies**

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 allowable or are limited as to reimbursement.

**NOTE C – Relationship to Financial Statements**

Federal awards are included in federal grants in the statement of activities for the year ended June 30, 2017.

**NOTE D – De Minimus Cost Rate**

During the year ended June 30, 2017, ARISE Schools did not elect to use the 10% de minimus cost rate covered in §200.414 of the Uniform Guidance.



**ARISE SCHOOLS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**A. Summary of Auditor's Results**

1. The auditor's report expresses an unmodified opinion on the combining financial statements of ARISE Schools
2. No control deficiencies were disclosed during the audit of the combining financial statements of ARISE Schools
3. No instances of noncompliance material to the combining financial statements of ARISE Schools were disclosed during the audit.
4. No control deficiencies relating to internal control over major federal award programs are reported on the *Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal programs for ARISE Schools expresses an unqualified opinion on all major federal programs.
6. The audit disclosed no findings which are required to be reported by the Uniform Guidance.
7. The programs tested as a major programs include:

	<u>CFDA Number</u>
School Breakfast Program	10.553
National School Lunch Program	10.555
Child and Adult Care Food Program	10.558
8. The threshold for distinguishing Type A and Type B Programs was \$750,000.
9. ARISE Schools was determined to be a low-risk auditee.

**B. Financial Statement Findings under *Government Auditing Standards***

There were no combining financial statement findings under *Government Auditing Standards* for the fiscal year ended June 30, 2017.

**C. Federal Award Findings and Questioned Costs**

There were no federal award findings or questioned costs for the fiscal year ended June 30, 2017.

**D. Management Letter**

A management letter was not issued in connection with the audit for the fiscal year ended June 30, 2017.

**ARISE SCHOOLS.**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

*Section I – Internal Control and Compliance Material to Combining Financial Statements*

No findings.

*Section II – Internal Control and Compliance Material to Federal Awards*

No findings.

*Section III – Management Letter*

Not applicable.



**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors  
ARISE Schools  
New Orleans, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of ARISE Schools; the Louisiana Department of Education, and the Louisiana Legislative Auditor (the specified parties), on the performance and statistical data accompanying the annual financial statements of ARISE Schools for the fiscal year ended June 30, 2017; and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin; in compliance with Louisiana Revised Statute 24:514. Management of ARISE Schools is responsible for its performance and statistical data. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
  - Total General Fund Instructional Expenditures
  - Total General Fund Equipment Expenditures
  - Total Local Taxation Revenue
  - Total Local Earnings on Investment in Real Property
  - Total State Revenue in Lieu of Taxes

- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Findings: None

#### Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule “Experience of Public Principals and Full-Time Classroom Teachers” (Schedule 4) to the combined total number of full time classroom teachers per this schedule, and to the School’s supporting payroll records, as of October 1<sup>st</sup>, 2016.

Findings: None

3. We reconciled the combined total of principals and assistant principals per the schedule “Experience of Public Principals, Assistant Principals and Full-Time Classroom Teachers” (Schedule 4) to the combined total of principals and assistant principals per this schedule.

Findings: None

4. We obtained a list of principals, assistant principals and full-time teachers by classification as of October 1, 2016 and as reported on the schedule. We traced a random sample of 25 teachers to the individual’s personnel file and determined that the individual’s education level was properly classified on the schedule.

Findings: We noted two instances where the employee’s education level did not agree to the reported level on the October 1, 2016 PEP report.

#### Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by the type as reported on the schedule. We compared the list to the Schools and grade levels as reported on the Title I grants to Local Educational Agencies (CFDA 84.010) application.

Findings: None

#### Experience of Public Principals, Assistant Principals and Full-Time Classroom Teachers (Schedule 4)

6. We obtained a list of principals, assistant principals and full-time classroom teachers by classification as of October 1<sup>st</sup>, 2016 and traced the same sample used in procedure 4 to the individual’s personnel file and determined if the individual’s experience was properly classified on the schedule.

Findings: None

Public School Staff Data: Average Salaries (Schedule 5)

7. We obtained a list of classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalent as reported on the schedule, and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation and full time equivalents were properly included on the schedule.

Findings: None

8. We recalculated the average salaries and full time equivalents reported on the schedule.

Findings: None

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes of the October 1<sup>st</sup>, 2016 roll books for those classes and determined if the class was properly classified on the schedule.

Findings: None

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Findings: None

Graduation Exit Examination (GEE) (Schedule 8)

11. The Graduation Exit Examination is no longer administered. This schedule is no longer applicable.

iLEAP Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported on the schedule by the School.

Findings: None

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

The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of ARISE Schools, as required by Louisiana Revised Statute 24:514.1, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*  
Metairie, Louisiana  
December 18, 2017

General Fund Instructional and Support Expenditures  
and Certain Local Revenue Sources  
For the Year Ended June 30, 2017

	Column A	Column B
<b><u>General Fund Instructional and Equipment Expenditures</u></b>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom Teacher Salaries	\$ 3,702,792	
Other Instructional Staff Activities	184,067	
Instructional Staff Employee Benefits	859,648	
Purchased Professional and Technical Services	316,818	
Instructional Materials and Supplies	206,657	
Instructional Equipment	-	
Total Teacher and Student Interaction Activities	<u>                    </u>	\$ 5,269,982
Other Instructional Activities		\$ 42,658
Pupil Support Activities	\$ 389,928	
Less: Equipment for Pupil Support Activities	<u>                    </u>	
Net Pupil Support Activities		\$ 389,928
Instructional Staff Services	\$ 208,053	
Less: Equipment for Instructional Staff Services	<u>                    </u>	
Net Instructional Staff Services		\$ 208,053
School Administration	\$ 1,473,036.00	
Less: Equipment for School Administration	<u>                    </u>	
Net School Administration	<u>1,473,036.00</u>	\$ 1,473,036.00
Total General Fund Instructional Expenditures (Total of Column B)		<u>\$ 7,383,657.00</u>
Total General Fund Equipment Expenditures (Object 730; Function Series 1000-4000)		<u>\$ -</u>
<b><u>Certain Local Revenue Sources</u></b>		
Local Taxation Revenue:		
Constitutional Ad Valorem Taxes		\$ -
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		<u>                    </u>
Total Local Taxation Revenue		<u>                    </u>
Local Earnings on Investment in Real Property:		
Earnings from 16th Section Property		\$ -
Earnings from Other Real Property		<u>                    </u>
Total Local Earnings on Investment in Real Property		<u>                    </u>
State Revenue in Lieu of Taxes:		
Revenue Sharing - Constitutional Tax		\$ -
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		<u>                    </u>
Total State Revenue in Lieu of Taxes		<u>                    </u>
Nonpublic Textbook Revenue		<u>\$ -</u>
Nonpublic Transportation Revenue		<u>\$ -</u>

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

Education Levels of Public School Staff  
 As of October 1, 2016

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	19	90%	37	80%	2	67%	1	33%
Master's Degree	2	10%	9	20%	1	33%	2	67%
Master's Degree + 30								
Specialist in Education								
Ph. D. or Ed. D.								
<b>Total</b>	<b>21</b>	<b>100%</b>	<b>46</b>	<b>100%</b>	<b>3</b>	<b>100%</b>	<b>3</b>	<b>100%</b>

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



Number and Type of Public Schools  
For the Year Ended June 30, 2017

Type	Number
Elementary	2
Middle Jr. High	
Secondary	
Combination	
Total	2

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

Experience of Public Principals, Assistant Principals, and Full time Classroom Teachers  
As of October 1, 2016

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals			4	1				5
Principals			1					1
Classroom Teachers	12	22	23	1	6	1	2	67
Total	12	22	28	2	6	1	2	73

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

Public School Staff Data: Average Salaries  
 For the Year Ended June 30, 2017

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	\$52,009	\$52,009
Average Classroom Teachers Salary Excluding Extra Compensation	\$52,009	\$52,009
Number of Teacher Full-Time Equivalents (FTES) used in Computation of Average Salaries	64.1	64.1

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

Class Size Characteristics  
 As of October 1, 2016

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	18%	32	23%	40	55%	96	4%	8
Elementary Activity Class								
Middle High								
Middle High Activity Class								
High								
High Activity Class								
Combination								
Combination Activity Class								

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

Louisiana Educational Assessment Program (LEAP)  
For the Year Ended June 30, 2017

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 3 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	1%	N/A	1%	0%	N/A
Mastery	13%	10%	N/A	21%	17%	N/A
Basic	24%	18%	N/A	22%	20%	N/A
Approaching Basic	30%	32%	N/A	36%	30%	N/A
Unsatisfactory	32%	39%	N/A	20%	33%	N/A
Total	100%	100%		100%	100%	

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 4 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	N/A	0%	1%	N/A
Mastery	10%	13%	N/A	15%	10%	N/A
Basic	35%	17%	N/A	24%	27%	N/A
Approaching Basic	37%	35%	N/A	42%	30%	N/A
Unsatisfactory	17%	35%	N/A	19%	32%	N/A
Total	100%	100%		100%	100%	

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 4 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	0%	0%	N/A	0%
Mastery	2%	5%	3%	4%	N/A	3%
Basic	29%	34%	34%	13%	N/A	37%
Approaching Basic	42%	41%	39%	37%	N/A	27%
Unsatisfactory	27%	20%	24%	46%	N/A	33%
Total	100%	100%	100%	100%		100%

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

Louisiana Educational Assessment Program (LEAP)

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 5 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	2%	N/A	0%	0%	N/A
Mastery	9%	22%	N/A	9%	12%	N/A
Basic	25%	35%	N/A	24%	20%	N/A
Approaching Basic	39%	25%	N/A	41%	39%	N/A
Unsatisfactory	27%	16%	N/A	26%	29%	N/A
Total	100%	100%		100%	100%	

26

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 6 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	6%	N/A	1%	0%	N/A
Mastery	16%	30%	N/A	10%	9%	N/A
Basic	24%	43%	N/A	26%	15%	N/A
Approaching Basic	39%	14%	N/A	40%	55%	N/A
Unsatisfactory	20%	7%	N/A	23%	21%	N/A
Total	100%	100%		100%	100%	

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 7 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	5%	5%	N/A	0%	0%	N/A
Mastery	29%	22%	N/A	11%	10%	N/A
Basic	35%	34%	N/A	40%	39%	N/A
Approaching Basic	17%	22%	N/A	33%	36%	N/A
Unsatisfactory	14%	17%	N/A	16%	15%	N/A
Total	100%	100%		100%	100%	

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

Louisiana Educational Assessment Program (LEAP)

District Achievement Level Results	English Language Arts			Mathematics		
	2017	2016	2015	2017	2016	2015
<b>Grade 8 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	4%	3%	N/A	1%	1%	N/A
Mastery	26%	30%	N/A	22%	13%	N/A
Basic	27%	27%	N/A	23%	16%	N/A
Approaching Basic	24%	27%	N/A	26%	41%	N/A
Unsatisfactory	19%	13%	N/A	28%	29%	N/A
Total	100%	100%		100%	100%	

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 8 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	0%	0%	N/A	1%	N/A	N/A
Mastery	5%	4%	N/A	16%	N/A	N/A
Basic	24%	26%	N/A	24%	N/A	N/A
Approaching Basic	36%	38%	N/A	31%	N/A	N/A
Unsatisfactory	35%	31%	N/A	28%	N/A	N/A
Total	100%	100%		100%		

Note 1: For FYE 6-30-2015, the PARCC test was administered for English and Math instead of the LEAP test.

Note 2: For FYE 6-30-2016, Social Studies LEAP test was not administered.

Note 3: ARISE Schools did not have 8th grade in FYE 6-30-2015.

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

**ARISE Schools  
New Orleans, LA**

**Schedule 8**

Graduation Exit Examination (GEE)  
For the Year Ended June 30, 2017

The GEE is no longer administered; therefore, this schedule is not applicable.



**ARISE SCHOOLS**  
**New Orleans, Louisiana**

**Schedule 9**

iLEAP Tests

For the Year Ended June 30, 2017

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 3 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	0%	1%	N/A	0%
Mastery	5%	4%	3%	3%	N/A	0%
Basic	36%	36%	28%	22%	N/A	35%
Approaching Basic	32%	46%	35%	26%	N/A	30%
Unsatisfactory	26%	14%	34%	48%	N/A	35%
Total	100%	100%	100%	100%		100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 5 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	0%	0%	1%	N/A	0%
Mastery	2%	2%	4%	2%	N/A	2%
Basic	31%	23%	36%	16%	N/A	42%
Approaching Basic	31%	45%	30%	32%	N/A	24%
Unsatisfactory	35%	30%	30%	49%	N/A	32%
Total	100%	100%	100%	100%		100%

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 6 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	1%	1%	2%	1%	N/A	4%
Mastery	5%	6%	7%	3%	N/A	8%
Basic	34%	45%	31%	11%	N/A	41%
Approaching Basic	38%	32%	41%	40%	N/A	33%
Unsatisfactory	22%	16%	19%	45%	N/A	14%
Total	100%	100%	100%	100%		100%

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

iLEAP Tests

District Achievement Level Results	Science			Social Studies		
	2017	2016	2015	2017	2016	2015
<b>Grade 7 Students</b>	Percent	Percent	Percent	Percent	Percent	Percent
Advanced	2%	1%	1%	3%	N/A	3%
Mastery	7%	5%	11%	5%	N/A	10%
Basic	39%	40%	27%	30%	N/A	37%
Approaching Basic	34%	34%	32%	27%	N/A	36%
Unsatisfactory	18%	20%	29%	35%	N/A	14%
Total	100%	100%	100%	100%		100%

Note 1: For FYE 6-30-2016, all grades took the LEAP instead of the iLEAP for English and Math.

Note 2: For FYE 6-30-2016, the Social Studies iLEAP test was not administered.

Note 3: For FYE 6-30-2015, all grades took the PARCC instead of the iLEAP for English and Math.

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

**LOUISIANA LEGISLATIVE AUDITOR  
STATEWIDE AGREED-UPON PROCEDURES**



To the Board of Directors of ARISE Schools  
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by ARISE Schools (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are as follows:

### ***Written Policies and Procedures***

---

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
  - b) ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
  - c) ***Disbursements***, including processing, reviewing, and approving
  - d) ***Receipts***, including receiving, recording, and preparing deposits
  - e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy. Note: Ethics requirements are not applicable to nonprofits.
- j) **Debt Service**, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements. Note: Debt Service requirements are not applicable to nonprofits.

We noted that ARISE's written policies and procedures did not address the following areas:

*Purchasing* – items 2, 4 and 5

*Contracting* – items 1 through 5

Management's Response: ARISE is in the process of revising its written policies and procedures and will add the missing items to the revised written policies and procedures.

***Board (or Finance Committee, if applicable)***

---

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The board met at a frequency during the fiscal year in conformity with the entity's bylaws.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

The board minutes included budget-to-actual comparisons.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

The July 25, 2016 minutes included a discussion about the selection of new auditors.

### ***Bank Reconciliations***

---

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

We obtained the required listing as well as management's representation that the listing was complete.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Bank reconciliations were prepared for each of the entity's bank accounts.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

We noted the bank reconciliations do not include evidence that a member of management or a board member with no involvement in the transactions associated with the bank account has reviewed each reconciliation.

Management's Response: The board treasurer reviews all of the bank statements on a monthly basis as part of her duties as a compensating control.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

We noted one bank reconciliation that had reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period for which there was no documentation reflecting that they had been researched.

Management's Response: The entity will research and resolve these items.

### ***Collections***

---

5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

Management provided us with the required listing as well as the representation that the listing was complete.

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Each person responsible for collecting cash is bonded, not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account, and not required to share the cash register or drawer with another employee.

- a) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The entity does have a formal process to reconcile cash collections to the general ledger by revenue source by a person who is not responsible for cash collections.

- b) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Deposits were made within one day of collection.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Daily cash collections are completely supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

The entity does have a process specifically defined to determine completeness of all collections, for each revenue source by a person who is not responsible for collections.

*Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)*

---

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Management provided us with the required listing as well as the representation that the listing was complete.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Purchases were initiated using a system that separates initiation from approval functions.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

We noted that three purchase orders were not approved.

Management's Response: The three purchase orders mentioned above were initiated by ARISE's two co-directors and a school principal. Going forward, the co-directors will approve the purchase orders initiated by school principals. Additionally, each co-director will approve the purchase orders initiated by the other co-director.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Other than the exception noted in 9 b) (directly above), all of the selected payments for purchases were processed with the three items as shown in step 9 c).

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

The person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases. The person who makes the final authorization for disbursements does not have responsibility for initiating or recording purchases.



12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

The supply of unused checks is maintained in a locked location with access restricted to those persons who do not have signatory authority.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Not applicable as no signature stamp or signature machine is used.

#### ***Credit Cards/Debit Cards/Fuel Cards/P-Cards***

---

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), 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.

Management provided us with the required listing as well as the representation that the listing was complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

There is evidence that the monthly statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No finance charges and/or late fees were assessed on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:
- An original itemized receipt (i.e., identifies precisely what was purchased)  
The transaction was supported by an original itemized receipt.
  - Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.  
The transaction was supported by documentation of the business/public purpose.
  - Other documentation that may be required by written policy (e.g., purchase order, written authorization.)  
No other documentation was required.
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.  
No exceptions were noted.
- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.  
No exceptions were noted.

### ***Travel and Expense Reimbursement***

---

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

Management provided us with the required listing as well as the representation that the listing was complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

We noted that ARISE's written policies related to travel and expense reimbursements do not contain per diem and mileage rates.

Management's Response: ARISE is in the process of revising its written policies and procedures and will add the missing items to the revised written policies and procedures.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

The reimbursed expenses did not exceed the GSA rates.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

Each expense was supported by an original itemized receipt that identifies precisely what was purchased.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

Each expense was supported by documentation of the business/public purpose.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No other documentation was required.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All of the expense and related documentation were reviewed and approved by someone other than the person receiving reimbursement.

### ***Contracts***

---

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Management provided us with the required listing as well as the representation that the listing was complete.

21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

There is a formal/written contract supporting the services arrangement and the amount paid.

b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

➤ If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

➤ If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The selected contracts were not subject to the Louisiana Public Bid Law or Procurement Code. The entity does solicit quotes as a best practice.

c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

Not applicable.

Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

The invoice and related payment complied with the terms and conditions of the contract.

d) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Not applicable.

### ***Payroll and Personnel***

---

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

The payments made to each of the five selected employees were made in strict accordance with the terms and conditions of the employment.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Not applicable.

- 23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Each of the selected employees documented their daily attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

There is written documentation that supervisors approved the attendance and leave of the selected employees.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There is written documentation that the entity maintained written leave records on those selected employees that earn leave.

- 24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

There were no termination payments made during the fiscal period.

- 25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Employee and employer portions of payroll taxes and retirement contributions as well as the required reporting forms were submitted to the applicable agencies by the required deadlines.

***Ethics (excluding nonprofits)***

---

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Not applicable.

***Debt Service (excluding nonprofits)***

---

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

***Other***

---

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management is not aware of any misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We noted that the required notices were not posted on its premises and website as required by R.S. 24:523.1.

Management's Response: The required notices will be posted as soon as possible.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were noted.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Hienz & Macaluso, LLC*

Metairie, Louisiana

December 18, 2017