

**New Beginnings Schools Foundation**

**FINANCIAL STATEMENTS**

**June 30, 2020**



**CRI** CARR  
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New Beginnings Schools Foundation  
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June 30, 2020

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
New Beginnings Schools Foundation  
New Orleans, Louisiana

We have audited the accompanying financial statements of New Beginnings Schools Foundation (a nonprofit organization) (the Foundation), which comprise the statement of net assets in liquidation as of June 30, 2020 and the related statements of changes in net assets in liquidation and functional expenses in liquidation for the year then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets in liquidation of New Beginnings Schools Foundation as of June 30, 2020 and the changes in net assets in liquidation for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Basis of Accounting**

As described in Note 1 to the financial statements, the Foundation's Board of Directors approved a plan on liquidation effective July 1, 2019, and, accordingly, the Foundation's financial statements are prepared on the liquidation basis of accounting. Generally accepted accounting principles require financial statements to be prepared on the liquidation basis of accounting when an entity is in liquidation or when liquidation is imminent. Our opinion is not modified with respect to that matter.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The integrated schedules, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2021, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

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

Metairie, Louisiana

February 11, 2021

**New Beginnings Schools Foundation**  
**Statement of Net Assets in Liquidation**

<i>June 30,</i>	2020
<hr/>	
<b>Assets</b>	
Cash	\$ 456,493
Cash restricted for transfer to new charter operators	5,722
Grant and other receivables	935,229
Prepaid expenses and other assets	405,324
<hr/>	
<b>Total assets</b>	<b>\$ 1,802,768</b>
<hr/>	
<b>Liabilities and Net Assets in Liquidation</b>	
Accounts payable	\$ 904,882
Accrued liabilities	105
Litigation payable	300,000
<hr/>	
Total liabilities	1,204,987
Net assets in liquidation	
Without donor restriction	591,824
With donor restriction	5,957
<hr/>	
Total net assets in liquidation	597,781
<hr/>	
<b>Total liabilities and net assets in liquidation</b>	<b>\$ 1,802,768</b>
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*The accompanying notes are an integral part of this financial statement.*

**New Beginnings Schools Foundation**  
**Statement of Changes in Net Assets in Liquidation**

<i>For the year ended June 30, 2020</i>	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Revenues</b>			
Local sources			
Minimum Foundation Program	\$ 8,405,635	\$ -	\$ 8,405,635
Grants	97,856	-	97,856
Student activity funds	132,334	5,957	138,291
Other	14,929	-	14,929
State sources			
Minimum Foundation Program	6,086,382	-	6,086,382
Grants	153,099	-	153,099
Federal grants	3,120,557	-	3,120,557
Releases from restriction	-	-	-
Total revenues	18,010,792	5,957	18,016,749
<b>Expenses</b>			
Program services	14,149,761	-	14,149,761
Support services	4,791,569	-	4,791,569
Total expenses	18,941,330	-	18,941,330
Changes in net assets in liquidation	(930,538)	5,957	(924,581)
Net assets in liquidation, beginning of year	1,522,362	-	1,522,362
<b>Net assets in liquidation, end of year</b>	<b>\$ 591,824</b>	<b>\$ 5,957</b>	<b>\$ 597,781</b>

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

**New Beginnings Schools Foundation**  
**Statement of Functional Expenses in Liquidation**

<i>For the year ended June 30, 2020</i>	<b>Program Expenses</b>	<b>Management and General</b>	<b>Total</b>
Salaries and wages	\$ 6,593,114	\$ 2,071,718	\$ 8,664,832
Payroll taxes	142,588	72,356	214,944
Employee benefits	2,317,693	568,552	2,886,245
Total salaries and related expenses	9,053,395	2,712,626	11,766,021
Professional services	530,850	613,002	1,143,852
Materials and supplies	1,013,114	63,285	1,076,399
Student assessments	106,753	-	106,753
Repairs and maintenance	-	334,532	334,532
Utilities	360,618	11,153	371,771
Insurance	319,049	4,124	323,173
Transportation	1,066,060	-	1,066,060
Security	-	94,642	94,642
Food service	803,727	-	803,727
Internet, telephone and postage	24,500	758	25,258
Rental expense	397,178	10,411	407,589
Professional development	-	211,689	211,689
Dues and fees	318,107	277,948	596,055
Other expenses	156,410	39,891	196,301
Revaluation of property and equipment	-	115,425	115,425
Bad debt	-	2,083	2,083
Litigation	-	300,000	300,000
<b>Total Expenses</b>	<b>\$ 14,149,761</b>	<b>\$ 4,791,569</b>	<b>\$ 18,941,330</b>

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



## New Beginnings Schools Foundation Notes to Financial Statements

### **Note 1: DESCRIPTION OF THE ORGANIZATION**

The New Beginnings Schools Foundation (the Foundation) was awarded a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2004 to operate a public charter school d/b/a Pierre A. Capdau Charter School (Capdau). Beginning with the 2017-2018 school year, Capdau transitioned to Orleans Parish School Board (OPSB) governance and the charter was renewed for 5 years. On July 19, 2019, the Foundation's Board of Directors voted unanimously to surrender the Capdau Charter at the end of the 2019-2020 school year.

The Foundation was awarded its second charter from BESE for Lake Area New Tech Early College High School (Lake Area) prior to the start of the 2009-2010 school year. Beginning with the 2016-2017 school year, Lake Area transitioned to OPSB governance and the charter was renewed for 3 years. On July 19, 2019, the Foundation's Board of Directors voted unanimously to surrender the Lake Area Charter at the end of the 2019-2020 school year.

The Foundation sought to provide education services according to the educational standards established by law, the charter contracts, and the charter proposals; measured pupil progress toward stated goals; and participated in pupil assessments as required by law, regulation and BESE policy. The Foundation's mission stated that the charter schools are a community of learners of which academic achievement and personal growth are expected and are supported in a positive, inclusive, and enriched environment.

During the 2020 school year, the Foundation provided educational services to students in kindergarten through twelfth grades with a total enrollment from all charter schools of approximately 1,289 students. Capdau served 705 students in grades pre-kindergarten through eight and Lake Area served 584 students in grades nine through twelve.

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the liquidation basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding the liquidation basis of accounting through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

On July 19, 2019, the Foundation decided to liquidate effective July 1, 2019 and, accordingly, revalued its assets and liabilities to the amounts expected to be collected and paid during the liquidation. The effect of the revaluation is included in the statement of changes in net assets in liquidation. It is not presently determinable whether the amounts realizable from the disposition of the remaining assets or the amounts that creditors will agree to accept in settlement of the obligations due them will differ materially from the amounts shown in the accompanying financial statements.

## New Beginnings Schools Foundation Notes to Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Basis of Accounting (Continued)***

Differences between the revalued amounts and actual cash transactions will be recognized in the year they can be estimated.

#### ***Interfund Activities***

Interfund activities are netted at the financial statements level.

#### ***Use of Estimates***

The preparation of liquidation basis financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash***

Cash includes cash and cash equivalents and all highly liquid investments with an initial maturity of 90 days or less.

#### ***Cash Restricted for Transfer to New Charter Operators***

The Foundation maintained separate bank accounts for student activities. Funds in these accounts were collected from students and parents for various activities and restricted for their collected purpose. Should those funds not be used for the intended purpose, the funds may be returned to the students and parents from whom they were collected. Subsequent to June 30, 2020, these funds were transferred to the new charter operators for student activity purposes.

#### ***Grant and Other Receivables***

Grant and other receivables are stated at unpaid balances. The financial statements do not include an estimate for allowance for doubtful accounts as management believes that all receivables are collectible.

#### ***Property and Equipment, net***

All property has been transferred as of June 30, 2020 to the new charter operators.

## New Beginnings Schools Foundation Notes to Financial Statements

### Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Compensated Absences***

Substantially all twelve-month employees accrued 15 days of vacation time per year and were allowed to accumulate vacation time up to a maximum of 300 hours. Earned and unused vacation time was paid out to the employees at their derived hourly rate of pay at the time of termination or liquidation. The Foundation accrued no unpaid leave as of June 30, 2020 as all leave was either paid or used.

#### ***Net Assets***

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. As of June 30, 2020, net assets with donor restriction was \$5,957 and was restricted for transfer to new charter operators for student activities.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### ***Minimum Foundation Program***

The Foundation's primary source of funding is through the Minimum Foundation Program (MFP) funded by the State Public School Fund and the OPSB. MFP revenue accounts for 81% of the Foundation's total revenue for the year ended June 30, 2020.

## New Beginnings Schools Foundation Notes to Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Other Revenue***

Revenue from grants is recognized when allowable expenditures are made by the Foundation. Federal grants are on a cost reimbursement basis and accounted for 17% of the Foundation's total revenue for the year ended June 30, 2020.

Revenue that is restricted by the donor is reported as increases in revenue without donor restriction if the restrictions expire (that is, a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted revenue is reported as increases in revenue with donor restriction, depending on the nature of the restriction.

When a restriction expires, revenues with donor restriction are reclassified to revenues without donor restriction and reported in the statement of changes in net assets in liquidation as releases from restriction.

#### ***Donated Services***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria was not met.

#### ***Functional Expense***

Directly identifiable expenses are charged to programs and supporting services. The majority of expense are allocated based on actual time and effort. However, utilities; internet, telephone, and postage; rental expense; and dues and fees require allocation based on the square footage of the building used by the function.

#### ***Income Taxes***

Under section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions. There was no unrelated business income for the year ended June 30, 2020.

## New Beginnings Schools Foundation Notes to Financial Statements

### **Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### ***Uncertain Tax Positions***

Accounting principles generally accepted in the United States of America require the Foundation's management to evaluate tax positions taken by the Foundation and recognize a tax liability if the Foundation has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation's management has analyzed the tax positions taken by the Foundation, and has concluded that, as of June 30, 2020, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

#### ***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 11, 2021. Except as noted in Note 2 *Cash Restricted for Transfer to New Charter Operators* and Note 10, no subsequent events were noted. No subsequent events occurring after this date have been evaluated for inclusion in the financial statements.

### **Note 3: PLAN OF LIQUIDATION**

On July 19, 2019, the board of directors passed a resolution surrendering the charter of Capdau and Lake Area to OPSB as of June 30, 2020. The Foundation adopted the liquidation basis of accounting as of July 1, 2019. The Foundation adopted the transition framework as approved by the board of directors and communicated to OPSB. The Foundation transferred a majority of its financial assets, net of transition expenses and unrestricted private donations, to the OPSB prior to June 30, 2020. As a result of ongoing litigation, the Foundation is not able to provide a date by which the Foundation expects the liquidation to be completed. Liquidation will be considered complete once all active litigation is resolved.

Effective July 1, 2020, the schools are operated by new charter management organizations. The completion of the transfer of assets is to occur following the payment of all final expenses related to the schools.

**New Beginnings Schools Foundation**  
**Notes to Financial Statements**

**Note 4: GRANT AND OTHER RECEIVABLES**

Grant and other receivables consist of the following:

<i>June 30,</i>	<b>2020</b>
Grant Receivables	
CARES Grant	\$ 321,525
Title I	181,810
National School Lunch Program	99,710
New Schools for New Orleans	55,000
Carl Perkins	30,164
Direct Student Services	19,590
Title IV SSAE	16,183
Other	1,749
Total grant receivables	725,731
Other Receivables	
Minimum Foundation Program	179,858
PayPool	30,000
Total other receivables	209,858
<b>Total grant and other receivables</b>	<b>\$ 935,229</b>

**Note 5: CONCENTRATIONS OF CREDIT RISK**

The Foundation maintained non-interest bearing accounts at a local bank. The Federal Deposit Insurance Corporation (FDIC) provided insurance coverage on deposit accounts for deposit amounts up to \$250,000 for the year ended June 30, 2020. The FDIC insurance coverage limit applies per depositor, per insured depository institution for each account ownership category. Total uninsured cash balances at June 30, 2020 were \$257,998. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

**Note 6: SCHOOL OPERATION/LEASEHOLD INTEREST**

***Capdau Lease Agreement***

Effective for the 2017-2018 school year, Capdau was relocated to a newly constructed facility and the Foundation, as sublessee, entered into a sublease agreement for the new facility with Alexander School Facility LLC, the sublessor, which commenced on July 1, 2017. The sublease remained in effect until the charter was surrendered to the OPSB on June 30, 2020 (Note 1). Base rent under the sublease agreement was \$23,660 per month for the year ended June 30, 2020. For the year ended June 30, 2020, rent expense was \$260,260.

## New Beginnings Schools Foundation Notes to Financial Statements

### **Note 6: SCHOOL OPERATION/LEASEHOLD INTEREST (Continued)**

#### ***Lake Area New Tech Charter School Facilities***

Effective July 1, 2017, the Foundation signed a lease agreement with OPSB which allows the Foundation to use the facilities and contents located at 6026 Paris Ave., New Orleans, LA 70122, or any other locations that may be approved by the Foundation and OPSB. This agreement expired on June 30, 2019 and was subsequently renewed for one year. For the use of the facilities, the Foundation reimburses property insurance costs to OPSB. The Foundation expensed \$128,737 for the year ended June 30, 2020 in property insurance reimbursement costs.

The Foundation is responsible for all necessary maintenance to ensure that the facilities comply with all state and local health and safety standards and other applicable laws, regulations, and rules. The Foundation's maintenance obligation has a cap of \$10,000. If capital improvements are made by the Foundation with non-public funds to any site which it operates, and the charter contract is revoked or terminated, the Foundation will be reimbursed for the fair market value of such capital improvements. Assets purchased with public funds or obtained from public sources will automatically revert to the OPSB at the time the agreement is terminated. The Foundation must maintain records of any assets acquired with private funds that will remain the property of the Foundation.

In consideration of the use of the property, a use fee is calculated as a per pupil share of the actual costs of property, boiler and machinery, terrorism, disaster management, and flood insurance of all OPSB-controlled school facilities, including any insurance brokerage fee, unrelated to recovery of the capital costs or depreciation that would be recovered in a traditional lease relationship. The use fee is calculated and invoiced annually and paid by the Foundation in equal installments over a 12-month fiscal year, through deduction from monthly MFP allocation. For the year ended June 30, 2020, usage fee paid to OPSB was \$144,316 and is included in property insurance on the statement of functional expenses in liquidation.

### **Note 7: DEFINED CONTRIBUTION PLAN**

The Foundation offered a voluntary 403(b) defined contribution plan to all eligible employees. Full-time employees were eligible to participate in the elective deferral plan on the first day after 30 days of employment. The plan was funded solely by employee contributions.

### **Note 8: RETIREMENT SYSTEMS**

Substantially all employees of the Foundation are members of the Teacher's Retirement System of Louisiana (TRSL). During the year ended June 30, 2020, the Foundation had eleven employees participating in the Louisiana School Employees' Retirement system (LSERS).

## New Beginnings Schools Foundation Notes to Financial Statements

### **Note 8: RETIREMENT SYSTEMS (Continued)**

These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows.

#### A. Teachers' Retirement System of Louisiana (TRSL)

TRSL provides retirement benefits as well as disability and survivor benefits. Ten years of service credit are required to become vested for retirement benefits, five years of service credit if the employee reaches age sixty, and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

TRSL issues publicly-available financial reports that include financial statements and required supplementary information of TRSL. These financial reports may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123. Baton Rouge. LA 70804-9123.

Participants are required to contribute to the plan 8% of their annual covered payroll and the Foundation is required to contribute 26.6% of the annual covered payroll of each participating employee. Member contributions and employer contributions are established by law and set by the Public Retirement System's Actuarial Committee.

For the year ended June 30, 2020, the Foundation's contributions to TRSL totaled \$2,112,709.

#### B. Louisiana School Employees' Retirement System (LSERS)

The LSERS system membership is comprised on non-instructional personnel of the Louisiana public school system. This includes janitors, bus drivers, custodians and maintenance employees. LSERS provides retirement benefits as well as disability and survivor benefits. Five years of service credit is required to become vested for retirement benefits and ten years to become vested for disability benefits. Benefits are established and amended by state statute. The LSERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana or by calling (225) 925-6484.

Plan members are required to contribute 8% of their annual covered salary and the Foundation is required to contribute 28% of the annual covered payroll of each participating employee. Member contributions and employer contributions are established by state law and set by the Public Retirement Systems' Actuarial Committee.

For the year ended June 30, 2020, the Foundation's contributions to this plan totaled \$71,930.



## New Beginnings Schools Foundation Notes to Financial Statements

### **Note 9: RISK MANAGEMENT**

The Foundation is exposed to various risks of loss related to torts, theft of, damage to and destruction of property for which the Foundation carries commercial liability insurance coverage. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

The Foundation is the defendant in litigation involving damages resulting from negligence, fraudulent representations, omissions, and concealments. The suit claims damages of \$300,000. Discovery is ongoing and certain documents requested by the plaintiffs are subject to a pending *in camera* review by the court. The Foundation filed an exception of no cause of action seeking dismissal of the action, the district court denied the exception and a writ regarding the denial was filed. Accordingly, the Foundation has determined that it is probable that it has some liability. The Foundation believes the plaintiff has a 75% chance of success on their claims, with no amount within that range a better estimate than any other amount, accordingly, \$300,000 was accrued as of June 30, 2020.

### **Note 10: SUBSEQUENT EVENTS**

In July and August 2020, the Foundation transferred all student activity funds to the new charter operators.

In July through September 2020, the Foundation transferred \$426,494 to an escrow account with two separate attorneys for any remaining expenses incurred, including settlement of litigation (see Note 9).

**New Beginnings Schools Foundation**  
**Integrated Statement of Net Assets in Liquidation**

<i>As of June 30, 2020</i>	<b>Pierre A. Capdau Charter School</b>	<b>Lake Area New Tech Charter School</b>	<b>Charter School Network Office</b>	<b>Eliminations</b>	<b>Total</b>
<b>Assets</b>					
Cash	\$ 2,254,900	\$ 4,679,111	\$ (6,477,518)	\$ -	\$ 456,493
Cash restricted for transfer to new charter operators	5,957	(235)	-	-	5,722
Grant and other receivables	620,705	284,524	30,000	-	935,229
Due from other funds	1,728,943	43,835	6,072,748	(7,845,526)	-
Prepaid expenses and other assets	-	49,185	356,139	-	405,324
<b>Total assets</b>	<b>\$ 4,610,505</b>	<b>\$ 5,056,420</b>	<b>\$ (18,631)</b>	<b>\$ (7,845,526)</b>	<b>\$ 1,802,768</b>
<b>Liabilities and Net Assets in Liquidation</b>					
Accounts payable	\$ 290,127	\$ 203,817	\$ 410,938	\$ -	\$ 904,882
Accrued liabilities	105	-	-	-	105
Litigation payable	-	-	300,000	-	300,000
Due to other funds	2,550,385	5,295,141	-	(7,845,526)	-
<b>Total liabilities</b>	<b>2,840,617</b>	<b>5,498,958</b>	<b>710,938</b>	<b>(7,845,526)</b>	<b>1,204,987</b>
<b>Net assets in liquidation</b>					
Without donor restriction	1,763,931	(442,538)	(729,569)	-	591,824
With donor restriction	5,957	-	-	-	5,957
<b>Total net assets in liquidation</b>	<b>1,769,888</b>	<b>(442,538)</b>	<b>(729,569)</b>	<b>-</b>	<b>597,781</b>
<b>Total liabilities and net assets in liquidation</b>	<b>\$ 4,610,505</b>	<b>\$ 5,056,420</b>	<b>\$ (18,631)</b>	<b>\$ (7,845,526)</b>	<b>\$ 1,802,768</b>

*See Independent Auditors' Report.*

**New Beginnings Schools Foundation**  
**Integrated Statement of Changes in Net Assets in Liquidation**

<i>For the year ended June 30, 2020</i>	Pierre A. Capdau Charter School	Lake Area New Tech Charter School	Charter School Network Office	Eliminations	Total
<b>Revenues</b>					
Local sources					
Minimum Foundation Program	\$ 4,813,255	\$ 3,592,380	\$ -	\$ -	\$ 8,405,635
Grants	48,403	49,453	-	-	97,856
Indirect cost revenue	-	-	22,444	(22,444)	-
Student activity funds	33,440	104,851	-	-	138,291
Other	11,075	3,854	-	-	14,929
State sources					
Minimum Foundation Program	3,122,206	2,964,176	-	-	6,086,382
Grants	121,913	31,186	-	-	153,099
Federal grants	1,952,805	1,167,752	-	-	3,120,557
Releases from restriction	-	-	-	-	-
<b>Total revenues</b>	<b>10,103,097</b>	<b>7,913,652</b>	<b>22,444</b>	<b>(22,444)</b>	<b>18,016,749</b>
<b>Expenses</b>					
Program services	7,285,218	6,849,966	14,577	-	14,149,761
Support services	1,357,973	1,224,108	2,231,932	(22,444)	4,791,569
Operating transfers (in) out	1,684,260	154,631	(1,838,891)	-	-
<b>Total expenses</b>	<b>10,327,451</b>	<b>8,228,705</b>	<b>407,618</b>	<b>(22,444)</b>	<b>18,941,330</b>
Changes in net assets in liquidation	(224,354)	(315,053)	(385,174)	-	(924,581)
Net assets in liquidation, beginning of year	1,994,242	(127,485)	(344,395)	-	1,522,362
<b>Net assets in liquidation, end of year</b>	<b>\$ 1,769,888</b>	<b>\$ (442,538)</b>	<b>\$ (729,569)</b>	<b>\$ -</b>	<b>\$ 597,781</b>

*See Independent Auditors' Report.*

**New Beginnings Schools Foundation**  
**Schedule of Compensation, Benefits, and Other Payments to Agency Head**  
**For the year ended June 30, 2020**

**Agency Head Name:** Kevin George, Chief Executive Officer

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 192,222
Benefits-health insurance	5,481
Benefits-retirement	47,404
Deferred compensation	-
Workers comp	-
Benefits-life insurance	-
Benefits-long term disability	-
Benefits-FICA and Medicare	2,765
Car allowance	-
Vehicle provided by government	-
Cell phone	-
Dues	-
Vehicle rental	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Unvouchered expenses	-
Meetings and conventions	-
Other	-
<b>Total</b>	<b>\$ 247,872</b>

*See Independent Auditors' Report.*

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
New Beginnings Schools Foundation  
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Beginnings Schools Foundation (a nonprofit organization) (the Foundation), which comprise the statement of net assets in liquidation as of June 30, 2020 and the related statements of changes in net assets in liquidation and functional expenses in liquidation for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2021.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2020-001 to be a material weakness.

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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-003.

### **Foundation's Response to Findings**

The Foundation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Car, Riggs & Ingram, L.L.C.*

Metairie, Louisiana  
February 11, 2021

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

Board of Directors  
New Beginnings School Foundation  
New Orleans, Louisiana

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

We have audited New Beginnings Schools Foundation's (the Foundation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2020. The Foundation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

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

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

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

In our opinion, the Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2020-002 to be a material weakness.

*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.

The Foundation's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Foundation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Carly Riggs & Ingram, L.L.C.*

Metairie, Louisiana  
February 11, 2021



**New Beginnings Schools Foundation**  
**Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2020**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Education/Passed Through Louisiana</b>			
<b>Department of Education/Special Education Cluster</b>			
Special Education Grants to States	84.027A	n/a	\$ 338,550
<b>U.S. Department of Education/Passed Through Louisiana</b>			
<b>Department of Education</b>			
Title I Grants to Local Educational Agencies	84.010A	n/a	1,189,528
Striving Readers Comprehensive Literacy Program Grant	84.371C	n/a	110,719
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	n/a	104,147
Student Support and Academic Enrichment Program	84.424	n/a	77,199
English Language Acquisition State Grants	84.365A	26-3202807	9,910
COVID-19 - ESSERF - Formula	84.425D	n/a	321,525
<b>U.S. Department of Education/YouthForceNOLA</b>			
Career and Technical Education - Basic Grants to States	84.048	n/a	30,164
<b>Total U.S. Department of Education</b>			<b>2,181,742</b>
<b>U.S. Department of Agriculture/Passed Through Louisiana</b>			
<b>Department of Education/Child Nutrition Cluster</b>			
National School Lunch Program	10.555	n/a	799,896
<b>U.S. Department of Agriculture/Passed Through Louisiana</b>			
<b>Department of Education</b>			
Child and Adult Care Food Program	10.558	n/a	117,188
Fresh Fruit and Vegetable Program	10.582	n/a	6,867
<b>Total U.S. Department of Agriculture</b>			<b>923,951</b>
<b>Total Federal Assistance</b>			<b>\$ 3,105,693</b>

\*The Foundation did not pass-through funds to any other entity for the year ended June 30, 2020.

*See Independent Auditors' Report and accompanying notes to the Schedule of  
Expenditures of Federal Awards.*

**New Beginnings Schools Foundation  
Notes to the Schedule of Federal Awards  
For the Year Ended June 30, 2020**

**Note 1: GENERAL**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the revenues from federal awards of the Foundation as defined in Note 1 to the Foundation's basic financial statements. All federal awards were received directly from Federal agencies. The accompanying SEFA includes the federal grant activity of the Foundation and is presented on the liquidation basis of accounting.

**Note 2: INDIRECT COST RATE**

The Foundation elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

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

Schedule of Expenditures of Federal Awards	\$ 3,105,693
Unreconciled difference	<u>14,864</u>
Statement of Changes in Net Assets in Liquidation – Federal Grants	\$ 3,120,557

**Note 4: LOAN**

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

**Note 5: FEDERALLY FUNDED INSURANCE**

The Foundation has no federally funded insurance.

**Note 6: NONCASH ASSISTANCE**

The Foundation did not receive any federal noncash assistance for the year ended June 30, 2020.

**Note 7: ON-BEHALF PAYMENTS**

The Foundation submitted \$10,602 in claims on-behalf of Success Preparatory Academy for the English Language Acquisition State Grants (CFDA 84.365A) program and remitted those amounts to Success Preparatory Academy once received. These amounts are not included in the schedule of expenditures of federal awards as they were not federal expenditures of the Foundation.

**New Beginnings Schools Foundation  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020**

**SECTION I—SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   X   yes           no
- Significant deficiency(es) identified?      yes        X   none noted

Noncompliance material to financial statements noted?   X   yes           no

*Federal Awards*

Internal control over major federal programs:

- Material weakness(es) identified?   X   yes           no
- Significant deficiency(es) identified?      yes        X   none noted

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?   X   yes           none noted

Identification of the major programs:

Federal CFDA Number	Federal Program or Cluster
84.010A	Title I Grants to Local Educational Agencies
10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and B programs was \$750,000 for major federal programs.

Auditee qualified as a low-risk auditee for federal purposes?      yes        X   no

**New Beginnings Schools Foundation  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**2020-001 – Material Weakness – Financial Close and Reporting Process (Originated in 2018)**

- Criteria:** The Foundation’s management is responsible for designing, implementing, and maintaining proper internal control processes to ensure the accuracy and completeness of financial statements.
- Condition:** During the year ended June 30, 2020, multiple misstatements were identified and required adjustments to the financial statements.
- Cause:** The Foundation had a high turnover of management personnel at the end of prior year, including the CFO. Internal controls have not been designed and implemented to ensure proper classification, recording, and review of all financial statement activity.
- Effect:** As of June 30, 2020, receivables were understated by \$179,858 and contingencies payable were understated by \$300,000. For the year ended June 30, 2020, revenues were understated by \$157,786 and expenses were understated by \$243,176.
- Auditors’ Recommendation:** As the Foundation ceased operations effective June 30, 2020, no recommendation is provided.
- Management’s Response:** See corrective action plan on page 30.

**2020-003 – Compliance Finding – System for Appropriate Student Admission Decisions (Originated in 2019)**

- Criteria:** The Foundation’s management is responsible for designing, implementing, and maintaining proper system for appropriate admission decisions and the requirements are applied on a consistent basis (LA R.S. 17:3991(B)(3)) and that all students reside within the jurisdiction of the schools (LA R.S. 17:3991(C)(1)(a)).
- Condition:** During the year ended June 30, 2020, multiple student files did not contain the appropriate information to support that a proper system was in place for admission decisions and that the student resided within the jurisdiction of the schools or provide the proper waiver.

**New Beginnings Schools Foundation  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020**

- Cause:** The Foundation had a high turnover of management personnel at the end of prior year, including the CFO. Procedures have not been designed and implemented to ensure proper review of student admissions and residential jurisdiction.
- Effect:** This error could mean that the school could potentially have to repay the local Minimum Foundation Program Funds if the school did not have proper documentation of admission requirements being met, the student resided within the jurisdiction of the school or could provide the proper waiver.
- Auditors' Recommendation:** As the Foundation ceased operations effective June 30, 2020, no recommendation is provided.
- Management's Response:** See corrective action plan on page 30.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2020-002 – Material Weakness – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Level of Effort – Maintenance of Effort, Suspension and Debarment, Reporting, Special Tests – Documentation of Controls (Originated in 2019)**

**Title and CFDA Number of Federal Program:** CFDA 84.010 Title I Grants to Local Educational Agencies

**Federal Award Identification Number and Year:** S010A190018 / 2020

**Name of Federal Agency:** United States Department of Education

**Pass-through Agency:** Louisiana Department of Education

**Questioned Costs:** No questioned costs noted.

**Criteria:** According to 2 CFR section 200.303, the Foundation is required to “establish and maintain effective internal control over the Federal award that provides reasonable assurance that the Foundation is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

**Condition:** The Foundation did not maintain sufficient documentation to demonstrate compliance with 2 CFR section 200.303.

**New Beginnings Schools Foundation  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020**

**Cause:** The Foundation was not able to provide documentation to support review of the allowable and unallowable activities, allowable costs/cost principles, level of effort-maintenance of effort, suspension and debarment, review of reimbursement requests (reporting), and review of student drop data (special tests – high school graduation rate).

**Effect:** Lack of documentation of controls may indicate poor effectiveness of the controls, which could impact compliance over Federal awards.

**Auditors' Recommendation:** As the Foundation ceased operations effective June 30, 2020, no recommendation is provided.

**Management's Response:** See corrective action plan on page 30.

**SECTION IV – OTHER MATTERS**

A management letter was issued for the year ended June 30, 2020.



**NBSF NOLA**

NEW BEGINNINGS SCHOOLS FOUNDATION

February 11, 2021

Corrective Action Plan

New Beginnings School Foundation respectfully submits the following corrective action plan for the year ended June 30, 2020.

Name and address of independent public accounting firm:

Carr, Riggs & Ingram, LLC  
111 Veterans Blvd  
Suite350  
Metairie, LA 70005

Audit Period:

Fiscal Year July 1, 2019 through June 30, 2020

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the Schedule of Findings and Questioned Costs.

**2019-001 – Material Weakness – Financial Close and Reporting Process (Originated in 2018)**

**Auditors' Recommendation:** As the Foundation has ceased operations effective June 30, 2020, no recommendation is provided

**Management response:** No corrective action is considered necessary as the entity is no longer in operation.

**Responsible Party:** Kevin George, CEO

**Estimated Completion Date:** not applicable

**2020-002 – Material Weakness – Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Level of Effort – Maintenance of Effort, Suspension and Debarment, Reporting, Special Tests – Documentation of Controls (Originated in 2019)**

**Auditors' Recommendation:** As the Foundation has ceased operations effective June 30, 2020, no recommendation is provided

**Management response:** No corrective action is considered necessary as the entity is no longer in operation.

**Responsible Party:** Kevin George, CEO

**Estimated Completion Date:** not applicable

**2020-003 – Compliance Finding – System for Appropriate Student Admission Decisions (Originated in 2019)**

**Auditors' Recommendation:** As the Foundation has ceased operations effective June 30, 2020, no recommendation is provided

**Management response:** No corrective action is considered necessary as the entity is no longer in operation.

**Responsible Party:** Kevin George, CEO

**Estimated Completion Date:** not applicable

Sincerely,



Kevin George  
Chief Executive Officer



**New Beginnings Schools Foundation  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2020**

**II – FINDINGS RELATED TO FINANCIAL STATEMENTS COMPLIANCE**

**2019-001 – Material Weakness – Financial Close and Reporting Process (Originated in 2018)**

**Finding:** During the year ended June 30, 2019, multiple misstatements were identified and required adjustments to the financial statements.

**Management Response:** New Beginnings Schools Foundation experienced turnover in its Chief Financial Officer role at the end of the 6/30/2018 and 6/30/2019 fiscal years. The Foundation has since hired an external accounting services firm to serve as the school’s Chief Financial Officer, as well restructured its internal finance team, in order to ensure proper internal controls are followed and financial statement activity is properly recorded and reviewed.

**Status:** Unresolved. See finding 2020-001.

**2019-003 – Compliance Finding – System for Appropriate Student Admission Decisions**

**Finding:** During the year ended June 30, 2019, multiple student files did not contain the appropriate information to support that a proper system was in place for admission decisions and that the student resided within the jurisdiction of the schools or provide the proper waiver.

**Management Response:** Even though NBSF receives new students from the OneAPP system, NBSF will ensure that students and/or their guardians submit appropriate documents verifying that they are a resident of Orleans Parish prior to formally enrolling students. During the registration process, parents will be given a letter listing their domiciliary requirements (lease, homeowner information or utility bill and a timeframe to produce those items).

**Status:** Unresolved. See finding 2020-003.

**New Beginnings Schools Foundation  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2020**

**III – FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS**

**2019-002 – Material Weakness – Level of Effort, Reporting, Special Tests, Suspension and Debarment – Documentation of Controls**

<b>Finding:</b>	The Foundation did not maintain sufficient documentation to demonstrate compliance with 2 CFR section 200.303.
<b>Management Response:</b>	The Foundation had a grants manager that maintained documentation of the grants compliance process. However, the documentation of review and approval was not readily accessible or available. The Foundation has implemented processes to ensure that proper documentation of review and approval is maintained for each step required for grants compliance.
<b>Status:</b>	Partially resolved. See finding 2020-002. Level of Effort internal controls were implemented and effective for the year ended June 30, 2020.

**IV – OTHER MATTERS**

A management letter was issued for the year ended June 30, 2019. The findings were partially resolved. New contracts exceeding \$75,000 were board approved, but approval for previous contracts entered into were not subsequently approved. As the Foundation ceased operations effective June 30, 2020, no recommendation is provided. Management's response is not applicable as there is no recommendation.



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

(504) 833-2436  
(504) 484-0807 (fax)  
[www.CRIcpa.com](http://www.CRIcpa.com)

February 11, 2021

New Beginnings Schools Foundation  
New Orleans, Louisiana

We have audited New Beginnings Schools Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the Foundation's major federal programs for the year ended June 30, 2020. The Foundation's major federal program is identified in the summary of auditors' results section of the schedule of findings and questioned costs.

During our audit, we became aware of noncompliance with laws and regulations that is less than material, but more than inconsequential and warrants the attention of those charged with governance. The memorandum that accompanies this letter summarizes our comments and suggestions regarding this matter. A separate letter dated February 11, 2021, contains our communication of significant deficiencies or material weaknesses in the Foundation's internal control. This letter does not affect our report dated February 11, 2021 on the financial statements of the Foundation.

We have already discussed many of these comments and suggestions with Foundation personnel, and we will be pleased to discuss them in further detail at your convenience.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Foundation, and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

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

**MEMORANDUM**

**2020-004 – Special Tests – Compliance**

**Title and CFDA Number of Federal Program:** CFDA 84.010 Title I Grants to Local Educational Agencies

**Federal Award Identification Number and Year:** S010A190018 / 2020

**Name of Federal Agency:** United States Department of Education

**Pass-through Agency:** Louisiana Department of Education

**Questioned Costs:** No questioned costs noted.

**Criteria:** Local Educational Agencies are required to maintain appropriate written documentation to support the removal of a student from the regulatory adjusted cohort (the school roster).

**Condition:** Subsequent to closure, the Foundation did not maintain appropriate written documentation to support the removal of a student from the regulatory adjusted cohort.

**Cause:** The Foundation was not able to provide documentation to support the removal of students from the regulatory adjusted cohort.

**Effect:** Lack of maintenance of documentation may indicate students were improperly removed from the regulatory adjusted cohort.

**Auditors' Recommendation:** As the Foundation ceased operations effective June 30, 2020, no recommendation is provided.

**Management's Response:** See corrective action plan on page 3.



February 11, 2021

Corrective Action Plan

New Beginnings School Foundation respectfully submits the following corrective action plan for the management comment for the year ended June 30, 2020.

Name and address of independent public accounting firm:

Carr, Riggs & Ingram, LLC  
111 Veterans Blvd  
Suite350  
Metairie, LA 70005

Audit Period:

Fiscal Year July 1, 2019 through June 30, 2020

The finding from the Management Letter is discussed below. The finding is numbered consistently with the number assigned in the Management Letter.

**2020-004 – Special Tests – Compliance**

**Auditors' Recommendation:** As the Foundation has ceased operations effective June 30, 2020, no recommendation is provided

**Management response:** No corrective action is considered necessary as the entity is no longer in operation.

**Responsible Party:** Kevin George, CEO

**Estimated Completion Date:** not applicable

Sincerely,

Kevin George  
Chief Executive Officer