

EISNERAMPER

**EDUCATORS FOR QUALITY
ALTERNATIVES, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2023



TABLE OF CONTENTS

	<u>Page</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 - 3
<u>FINANCIAL STATEMENTS</u>	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
<u>NOTES TO FINANCIAL STATEMENTS</u>	8 - 16
<u>SUPPLEMENTAL INFORMATION</u>	
Schedule of Compensation, Benefits, and Other Payments to Agency Head	17
<u>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</u>	18 - 19
<u>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</u>	20 - 22
<u>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	23
<u>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>	24
<u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u>	25 - 26
<u>SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS</u>	27 - 28
<u>INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING</u>	
<u>AGREED-UPON PROCEDURES</u>	29 - 30
<u>SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 I)</u>	31
<u>PERFORMANCE AND STATISTICAL DATA</u>	
General Fund Instructional and Support Expenditures and Certain Local Revenue Sources	Schedule 1 32
Class Size Characteristics	2 33

INDEPENDENT AUDITORS' REPORT

To the Board of Directors for
Educators for Quality Alternatives, Inc.
New Orleans, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Educators for Quality Alternatives, Inc. (the School) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023, 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.

Basis for Opinion

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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



Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other 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 performance and statistical data, included as Schedules 1 and 2, are not a required part of the financial statements, but are supplementary information required by Louisiana State Law. We have applied certain limited procedures, which are described in the independent accountants' report on applying agreed-upon procedures, on pages 29 and 30. However, such information has not been subjected to the auditing procedures applied in the audit of the basic 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 December 31, 2023, on our consideration of the School'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 School'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 School's internal control over financial reporting and compliance.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
December 31, 2023



EDUCATORS FOR QUALITY ALTERNATIVES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash	\$	1,974,155
Investments		155,639
Grants receivable		1,258,946
Deposits		8,750
Prepaid expenses		290,113
		3,687,603
Total current assets		3,687,603

PROPERTY AND EQUIPMENT

Building improvements		298,837
Furniture and fixtures		19,065
Equipment		180,951
Less accumulated depreciation		(473,178)
		25,675
Total fixed assets, net		25,675

OTHER ASSETS

Right of use assets		1,027,606
		1,027,606
Total assets		\$ 4,740,884

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$	327,955
Short-term lease liability		240,037
		567,992
Total current liabilities		567,992

LONG-TERM LIABILITIES

Long-term lease liability		789,233
		789,233
Total liabilities		1,357,225

NET ASSETS

Without donor restrictions		3,228,020
With donor restrictions		155,639
		3,383,659
Total net assets		3,383,659
Total liabilities and net assets		\$ 4,740,884

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, grant and other support:			
State and local public school funding	\$ 8,861,871	\$ -	\$ 8,861,871
Federal grants	2,046,188	-	2,046,188
Employee Retention Tax Credit revenue	1,215,804	-	1,215,804
Donations and grants	35,730	783,276	819,006
Other income	245,785	-	245,785
Net assets released from restrictions	712,725	(712,725)	-
	<hr/>	<hr/>	<hr/>
Total revenues, grants and other support	13,118,103	70,551	13,188,654
Expenses:			
Program services			
Regular programs	2,781,608	-	2,781,608
School administration	2,126,046	-	2,126,046
Pupil support services	896,606	-	896,606
Other instructional services	237,803	-	237,803
Special education programs	1,192,142	-	1,192,142
Other instructional programs	105,681	-	105,681
Technical programs	567,240	-	567,240
Transportation services	388,176	-	388,176
Food services	270,096	-	270,096
Operation and maintenance of plant	1,483,298	-	1,483,298
Management and general			
Central services	445,396	-	445,396
Business services	202,059	-	202,059
General administration	345,886	-	345,886
	<hr/>	<hr/>	<hr/>
Total expenses	11,042,037	-	11,042,037
Change in net assets	2,076,066	70,551	2,146,617
<u>NET ASSETS AT BEGINNING OF YEAR</u>	<hr/>	<hr/>	<hr/>
	1,151,954	85,088	1,237,042
<u>NET ASSETS AT END OF YEAR</u>	<hr/>	<hr/>	<hr/>
	\$ 3,228,020	\$ 155,639	\$ 3,383,659

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Support Services	Total
	Instructional	Management & General	
Expenses:			
Salaries and benefits	\$ 4,838,106	\$ 499,481	\$ 5,337,587
Payroll taxes	386,153	21,932	408,085
Other benefits	851,065	95,842	946,907
Professional services	1,547,543	314,420	1,861,963
Student transportation and travel	393,473	-	393,473
Supplies	418,231	15,345	433,576
Utilities	77,191	-	77,191
Repairs and maintenance	620,937	-	620,937
Insurance	103,371	13,269	116,640
Communication	72,615	-	72,615
Food service management	172,547	-	172,547
Depreciation expense	-	30,070	30,070
Rental	472,369	-	472,369
Other	95,095	2,982	98,077
Total expenses	\$ 10,048,696	\$ 993,341	\$ 11,042,037

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 2,146,617
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	30,070
Investment income	(5,639)
Amortization of right of use assets	350,305
Increase in:	
Grants receivable	(188,999)
Prepaid expenses	(190,886)
Decrease in:	
Accounts payable and accrued liabilities	(782,416)
Deferred revenue	(62,629)
Lease liability	(348,641)
Net cash provided by operating activities	947,782

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	(30,392)
Purchases of investments	(150,000)
Net cash used in investing activities	(180,392)

Net increase in cash	767,390
Cash, beginning of year	1,206,765
Cash, end of year	\$ 1,974,155

**DISCLOSURE OF SUPPLEMENTAL NON-CASH
INVESTING AND FINANCING ACTIVITIES**

Right-of-use asset obtained in exchange for lease obligation	\$ 70,427
--	-----------

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization

Educators for Quality Alternatives, Inc. (the "School") was created as a non-profit corporation under the laws of the State of Louisiana on July 14, 2009. The School applied to the Louisiana Board of Elementary and Secondary Education ("BESE") to operate a Type 5 charter school. The charter school contract, effective July 1, 2012, is entered into between the School and its Board of Directors and BESE for the purpose of operating The NET Charter High School. The school serves students aged from 16 - 21 years of age. On July 1, 2017, BESE granted the School an additional charter to operate another Type 5 charter school. The Net Gentilly commenced operations during the fiscal year ending June 30, 2018. Effective July 1, 2018, the School's charters were changed from Type 5 under BESE to Type 3b under the Orleans Parish School Board ("OPSB"). In July 2019, the School added The Bridge program for 7th & 8th graders during their expulsion term. This is not a charter school, rather it is a program that is contracted through the OPSB. In addition, the School received a Type 1 Charter for New Orleans Accelerated High School to commence July 1, 2020.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported on the financial statements. The financial statements of the School have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation

The School is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the School.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or by the passage of time. Once expended for their restricted purpose, these restricted net assets are released to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restriction. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the School considers all unrestricted cash and other highly liquid investments with original maturities of three months or less to be cash equivalents. For the year ended June 30, 2023, the School did not have any cash equivalents.

Investments

The School records investment purchases at cost. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment income is reported in the statement of activities with other income and consists of interest and dividend income and realized and unrealized gains and losses, less external investment expenses.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Grant Receivables

Grant receivables are stated at the amount the School expects to collect from outstanding balances. The financial statements do not include an estimate for an allowance for doubtful accounts as the School believes all receivables are collectible.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at time of the purchase and an expense is reported in the year in which services are consumed.

Property and Equipment

Property and equipment are recorded at cost or estimated fair value if donor-contributed. The School capitalizes all property and equipment purchases over \$5,000. Betterments that naturally add to the value of related assets or materially extend the useful lives of assets are capitalized. Normal building maintenance and minor equipment purchases are included as expenses of the School. Depreciation is calculated using the straight line method with estimated useful lives of 3 to 5 years.

All assets acquired with Louisiana Department of Education funds are owned by the School while used in the purpose for which they were acquired. The Louisiana Department of Education, however, has a reversionary interest in these assets. Should the charter not be renewed, any assets purchased with those funds will revert to the State of Louisiana.

Revenues

The School follows GAAP in their assessment of whether revenue is an exchange transaction (contract) or contribution (non-exchange) and considers factors including commensurate value received, reciprocity, and donor-imposed conditions.

The School receives its support primarily from the Louisiana State Department of Education and the United States Department of Education. The School receives funding per eligible student in attendance on October 1st, payable in monthly installments. The October 1st student count is audited by the Louisiana Department of Education. Adjustments are made in the following year. Federal grants are on a cost reimbursement basis. An accrual is made when the School has met the performance requirements and/or eligible expenses are incurred. Amounts received prior to incurring qualified expenditures are reported as deferred revenue in the Statement of Financial Position.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional contributions are not recognized until the conditions on which they depend have been substantially met. Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Revenues (continued)

Revenues from other sources are recorded as revenue in the period in which the School provides the service at the amount that reflects the consideration to which the School expects to be entitled for providing the service or good.

Donated Services

For the year ended June 30, 2023, the School had a total of approximately 50 volunteers who served approximately 2,000 hours. Volunteer services included tutoring and classroom assisting, building beautification, office help and internship mentors. The value of these services is not recognized in the accompanying financial statements as they do not meet the criteria for recognition under GAAP.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Any costs related to activities that constitute direct conduct or direct supervision of program services are classified as program expenses. Any costs related to administration are functionally classified as supporting service expenses. The financial statements of the School report certain categories of expenses that are attributable to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated on a reasonable basis that is consistently applied. When possible, expenses are first reported by direct identification and then allocation if an expenditure benefits more than one program or function. Salaries and employee benefits have been allocated based on time and effort. Professional services, supplies, insurance, and other expenses have been allocated based on actual expenses.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The School is a nonprofit organization exempt from the income taxes under provisions of the Internal Revenue Service Code Sections 501(c) (3) and the Louisiana Revised Statutes; therefore, no provision has been made for federal and state income taxes. The School applies a "more-likely-than-not" recognition threshold for all tax uncertainties. This approach only allows the recognition of those tax benefits that have a greater than 50% percent likelihood of being sustained upon examination by the taxing authorities. As a result of applying this approach, the School has reviewed its tax positions and determined there were no outstanding, or retroactive tax positions with less than a 50% likelihood of being sustained upon examination by the taxing authorities.

New Accounting Pronouncement

As of July 1, 2022, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than twelve months on the statement of financial position as well as additional disclosures.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

2. Liquidity and Availability of Resources

The School's objective is to maintain liquid financial assets without donor restrictions sufficient to cover 60 days of operating expenses. The School regularly monitors liquidity required to meet its operating needs and other contractual commitments. Expenditures are generally met within 30 days, utilizing the financial resources of the School. In addition, the School operates with a budget and monitors sources and uses of funds throughout the year by comparing budget to actual operating expenses.

Financial assets available for general expenditure within one year of the Statement of Financial Position date, comprise the following as of June 30, 2023:

Cash	\$	1,974,155
Grants receivable		1,258,946
Deposits		8,750
	\$	<u>3,241,851</u>

3. Fair Value Measurements

The School follows the provisions of the *Fair Value Measurement Topic* of the FASB ASC. Under this Topic, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This Topic establishes a fair value hierarchy for inputs used in measuring fair market value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly, as of the reporting date.

Level 3 - Valuations based on inputs that are unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

The School's measurements of fair value are made on a recurring basis, and their valuation techniques for assets and liabilities recorded at fair value are as follows:

Pooled assets: Valued based on the fair value of fund investments as reported by the Greater New Orleans Foundation (GNOF) and include the use of Net Asset Values (NAV) as the primary input to measure fair values.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

3. Fair Value Measurements (continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable values or reflective of future fair values. Furthermore, while the School believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The School's investments consist of Level 2 pooled assets as of June 30, 2023.

4. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted by donors for specific programs, purposes, or to assist specific departments of the School or are subject to the passage of time. These restrictions are considered to expire when payments for restricted purposes are made or by the occurrence of the passage of time, unless perpetually restricted. Net assets with donor restrictions consists of the following as of June 30, 2023:

Restricted in perpetuity:

Endowment Fund	\$ 155,639
	<u>\$ 155,639</u>

The Endowment Fund consists of the endowment fund and earnings thereon. See Note 5.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows for the year ended June 30, 2023:

The Bridge Program - operating expenses	\$ 600,000
Social and emotional learning	31,175
Career Pathways Programming	48,750
Summer Impact Grant	10,000
Childcare	10,000
Professional development with TNTP	9,800
Student enrichment activities	3,000
	<u>\$ 712,725</u>

5. Endowment Fund

The Board of Directors of the School is of the belief that they have a strong fiduciary duty to manage the assets of the School's Endowment Fund (the Endowment) in the most prudent manner possible. The Board recognizes the intent of the Endowment is to protect the donor with respect to expenditures from the Endowment. If this intent is clearly expressed by the donor, whether the intent is in a written gift instrument or not, the intent of the donor is followed. Earnings, including appreciation, that are not required by the donor to be reinvested in corpus are maintained in net assets with restrictions until released.

The Endowment. The School's Endowment consists of one fund established in 2023 for support of the School. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

5. Endowment Fund (continued)

Interpretation of Relevant Law. The Board of Directors has interpreted the Uniform Prudent Management Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted Endowment, unless there are explicit donor stipulations to the contrary. At June 30, 2023, there were no such donor stipulations. As a result of this interpretation, the School retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the School in a manner consistent with the standard of prudence prescribed by UPMIFA. The School considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- the duration and preservation of the fund;
- the purposes of the School and the donor-restricted endowment fund;
- general economic conditions;
- the possible effect of inflation and deflation;
- the expected total return from income and the appreciation of investments;
- other resources of the School; and
- the investment policies of the School.

Changes in net assets of the Endowment for the year ended June 30, 2023 are as follows:

	With Donor Restriction
Net assets, beginning of year	\$ -
Contributions	150,000
Investment income, net	5,639
Net assets, end of year	<u>\$ 155,639</u>

The original donor-restricted gift amount of \$150,000 is required by donor to be maintained in perpetuity.

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA requires the School to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations that occur after the investment of contributions with donor restrictions. There were no such deficiencies in net assets with donor restrictions as of June 30, 2023.

Return Objectives and Risk Parameters. Assets in the Endowment include donor restricted funds that are held by GNOF. The Endowment attempts to provide a predictable stream of funding to programs supported by the Endowment while seeking to maintain the purchasing power of these endowment assets over the long-term.

Strategies Employed for Achieving Objectives. Assets in the Endowment are invested in pooled investments that consist of a well-diversified asset mix, which includes equity securities, fixed income securities and alternative investments that are intended to meet this objective. Investment assets and the allocation among asset classes and strategies are managed to not expose the endowment asset to unacceptable levels of risk.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

5. Endowment Fund (continued)

Spending Policy and How Investment Objectives Relate to the Spending Policy. The current spending policy makes available on an annual basis 4% of the 12-quarter rolling average market value of the funds. The cutoff for the calculation is September 30th of each year to enable GNOF staff to perform the calculations for the upcoming year. All new endowment funds must be invested for four full quarters prior to December 31 of each year in order for any appropriation to be made.

6. Leases

The School leases its buildings and an outdoor space under the terms of three operating leases expiring on August 31, 2023, May 31, 2027, and August 31, 2041, respectively.

As described in Note 1, effective July 1, 2022, the School adopted ASU 2016-02, *Leases (Topic 842)*, and the series of related ASUs that followed (collectively referred to as "Topic 842"). The School elected the practical expedient available under ASU 2018-11, *Leases: Targeted Improvements*. Therefore, the School recognized and measured leases existing at July 1, 2022 but without retrospective application. The School elected all available practical expedients. Short-term lease costs are not material and are anticipated to be similar to the current year short-term lease expense outlined in this disclosure.

Amounts recognized at July 1, 2022 for operating leases were as follows:

Right of use (ROU) assets	\$	1,377,911
Short-term lease liability	\$	348,641
Long-term lease liability	\$	1,029,270

The operating ROU assets and operating lease liabilities were recognized based on the present value of lease payments over the lease term at commencement date. Operating leases in effect prior to July 1, 2022 were recognized at the present value of the remaining payments on the remaining lease term as of July 1, 2022. Leases with variable rate adjustments, such as Consumer Price Index ("CPI") adjustments, were reflected based on contractual lease payments as outlined within the lease agreement and not adjusted for any CPI increases or decreases. The School used the incremental borrowing rate based on lease term information available at the commencement date of the lease in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease, and the School generally does not include renewal or termination options in the assessment of the leases unless extension or termination is deemed to be reasonably certain. Leases that were grandfathered under various portions of Topic 842 would be reassessed in the event of any modifications to those agreements.

Following are components of lease cost in fiscal year 2023:

Operating leases	\$	423,507
Short-term and variable leases		48,862
Total lease cost	\$	<u>472,369</u>

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

6. Leases (continued)

Other information related to operating leases are as follows as of June 30, 2023 and for the year then ended:

Operating cash flows from operating leases	\$	423,507
ROU assets obtained in exchange for operating lease obligations, net of retirements	\$	70,427
Weighted average remaining lease term		4.54
Weighted average discount rate		6.00%

As lessee, operating lease liabilities under non-cancellable leases (excluding short-term leases) as of June 30, 2023 are as follows:

2024	\$	313,022
2025		277,308
2026		278,208
2027		237,423
2028		5,460
Thereafter		71,890
Total lease payments		<u>1,183,311</u>
Imputed interest		<u>(154,041)</u>
Total lease liabilities	\$	<u>1,029,270</u>

For the year ended June 30, 2023, the School subleased space in one of their buildings and earned \$132,401 in rental income. For fiscal year ending June 30, 2024, the School estimates that it will earn \$148,906 in rental income.

7. Retirement Plan

Effective December 1, 2012, the School provides a 403(b) plan for all regular full-time employees. An employee becomes eligible to participate in the plan on the first day of the month following the date of hire. Contributions to the plan are made by way of pre-tax salary deferrals and are made at the sole discretion of the employee up to the maximum amount allowed by federal law. The plan allows for discretionary non-elective employer contributions, and all employees are immediately vested. For the year ended June 30, 2023, the School made \$315,158 of employer contributions.

8. Contingencies

Amounts received or receivable from federal, state, or local agencies are subject to audit and adjustment by these agencies. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds. The amount, if any, of expenditures which may be disallowed by such agencies cannot be determined at this time, although the School expects any such amounts to be immaterial.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NOTES TO FINANCIAL STATEMENTS

9. Concentrations

For the year ended June 30, 2023, the School received approximately 83% of its total revenues from Federal and State of Louisiana grantors.

The School maintains cash balances at local financial institutions. The Federal Deposit Insurance Corporation insure accounts up to \$250,000. At times during the year, the School's amounts may exceed the federally insured limits. The School has not historically experienced any loss in such accounts and management believes the School is not exposed to any significant credit risk related to the cash in the banks.

10. Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, December 31, 2023, 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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED JUNE 30, 2023

Agency Head Name: Elizabeth Ostberg, Chief Executive Officer

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 137,300
Benefits - Employer Portion of Insurance	4,752
Benefits - Retirement	8,238
Benefits - Workers compensation	544
Benefits - Life Insurance	15
Benefits - Long Term Disability	200
Benefits - FICA and Medicare	9,997
Cell phone allowance	322
Reimbursements	1,391
Meetings and Conventions	450
Other	139
Total	<u>\$ 163,348</u>

See accompanying independent auditors' report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Directors of
Educators for Quality Alternatives, Inc.

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 Educators for Quality Alternatives, Inc. (the School) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 31, 2023.

Report on Internal Control Over Financial Reporting

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
December 31, 2023

EISNERAMPER
LLP



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

To the Board of Directors of
Educators for Quality Alternatives, Inc.

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Educators for Quality Alternatives, Inc.'s (the School) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2023. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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



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

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

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

EisnerAmper LLP

EISNERAMPER LLP
Metairie, Louisiana
December 31, 2023

EISNERAMPER
LLP



EDUCATORS FOR QUALITY ALTERNATIVES, INC

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

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Grantor Project Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through the Louisiana Department of Education Child Nutrition Cluster:			
National School Lunch Program	10.555	Unknown	\$ 203,329
Total Child Nutrition Cluster			<u>203,329</u>
Total U.S. Department of Agriculture			<u>203,329</u>
<u>U.S. Department of Education</u>			
Passed through the Louisiana Department of Education			
Title I Grants to Local Education Agencies	84.010A	28-23-T1-(VI,7D,7R)	182,676
Title I Redesign	84.010A	28-21-RD19-(VI,7R)	22,254
Total Title I			<u>204,930</u>
Title II - Supporting Effective Instruction State Grants	84.367A	28-23-50-(7D)	5,915
Total Title II			<u>5,915</u>
Title III - English Language Acquisition State Grants	84.365A	28-23-50-(7D)	18,960
Total Title III			<u>18,960</u>
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER_II_Formula)	84.425D	28-21-ES2F-(VI,7D,7R)	209
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER_II_Incentive)	84.425D	28-21-ES2I-(VI,7D,7R)	215,574
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER_III_Formula)	84.425U	28-21-ES3F-(VI,7D,7R)	684,996
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER_IIIEB_Interventions)	84.425U	28-21-ESEB-(VI,7D,7R)	266
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER_III_Incentive)	84.425U	28-21-ES3I-(VI,7D,7R)	411,171
COVID-19 - Homeless ARP	84.425W	28-22-HARP-VI	18,443
Total COVID-19 - Education Stabilization Fund			<u>1,330,659</u>
Special Education Cluster (IDEA):			
Special Education - IDEA Part B 611	84.027A	28-21-B1-7R	129,683
Total Special Education Cluster (IDEA)			<u>129,683</u>
Total Louisiana Department of Education			<u>1,690,147</u>
Passed through YouthForce NOLA			
Carl D. Perkins Career and Technical Education - Basic Grants to States	84.048	N/A	8,291
Total YouthForce NOLA			<u>8,291</u>
Passed through Louisiana Department of Labor (LA Workforce Commission), State Vocational Rehabilitation Services	84.126A	N/A	100,921
Total Louisiana Department of Labor (LA Workforce Commission)			<u>100,921</u>
Total U.S. Department of Education			<u>1,799,359</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Louisiana Department of Education Safer, Smarter Schools	93.323	28-22-LDHS-(VI,7D,7R)	43,500
Total U.S. Department of Health and Human Services			<u>43,500</u>
Total Federal Assistance Expended			<u>\$ 2,046,188</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

(1) **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Educators for Quality Alternatives, Inc. (the School) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 1 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

(2) **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. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(3) **Relationship to Basic Financial Statements**

Federal awards of \$2,046,188 are included in federal grants revenue in the Statement of Activities.

(4) **Amounts Passed Through to Subrecipients**

The School did not pass through any federal funding to subrecipients.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I – Summary of Independent Auditors’ Results

Financial Statements

Type of auditors’ report issued:	<u>unmodified</u>
Internal control over financial reporting:	
• Material weakness(es) identified:	<u>no</u>
• Significant deficiency(ies) identified:	<u>none noted</u>
Noncompliance material to the financial statements noted:	<u>no</u>

Federal Awards

Internal control over major program:	
• Material weakness(es) identified:	<u>no</u>
• Significant deficiency(ies) identified:	<u>none noted</u>
Type of auditors’ report issued on compliance for major program:	<u>unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	<u>no</u>
Identification of major program: COVID-19 – Education Stabilization Fund	84.425D, 84.425U, 84.425W
Dollar threshold used to distinguish between type A and type B programs	<u>\$750,000</u>
Auditee qualified as a low-risk auditee:	<u>no</u>

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section II – Findings relating to the financial statements reported in accordance with *Government Auditing Standards*

None

Section III – Findings and Questioned Costs Related to Federal Awards

None

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

Section II – Findings relating to the financial statements reported in accordance with Government Auditing Standards

None

Section III – Findings and Questioned Costs Related to Federal Awards

2021 – 004 Special Tests and Provisions

U.S. Department of Education
Passed through the Louisiana Department of Education
84.010 Title I Basic Grant
2020-2021 Award Year
Grant No. S010A200018

Criteria: Educators for Quality Alternatives must report graduation rate data for all public high schools at the school level using the 4-year adjusted cohort rate under 34 CFR section 200.19(b)(1)(i)-(iv)). Only students who earn a regular high school diploma may be counted as a graduate for purposes of calculating the 4-year adjusted cohort graduation rate. To remove a student from the cohort, a school must confirm, in writing, that the student transferred out, emigrated to another country, or is deceased. Educators for Quality Alternatives is responsible for assigning exit codes to any student who leaves. Only specific exit codes are deemed legitimate reasons for leaving and will cause the leaver to not be included in the cohort's graduation index calculations. These codes relate to death, transfers out of the state or country, transfers to non-public schools, transfers to home study/in-school private schooling, and transfers to Early College Admissions Programs.

Specific documentation must be maintained for students to be considered legitimate leavers from the cohort. Educators for Quality Alternatives is also responsible for developing a system of internal controls to ensure the proper documentation is retained for all leavers of the cohort.

Recommendation: Educators for Quality Alternatives should establish procedures at the school and program administration levels to ensure appropriate documentation is obtained related to removal of students from a cohort in accordance with Louisiana Administrative Code Title 28, Part LXXXIII, Chapter 6, §611.

Status: Resolved.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

Section III – Findings and Questioned Costs Related to Federal Awards (continued)

2022 – 001 Special Tests and Provisions

U.S. Department of Education
Passed through the Louisiana Department of Education
84.010 Title I Basic Grant
2021-2022 Award Year
Grant No. S010A200018

Criteria: Educators for Quality Alternatives must report graduation rate data for all public high schools at the school level using the 4-year adjusted cohort rate under 34 CFR section 200.19(b)(1)(i)-(iv)). Only students who earn a regular high school diploma may be counted as a graduate for purposes of calculating the 4-year adjusted cohort graduation rate. To remove a student from the cohort, a school must confirm, in writing, that the student transferred out, emigrated to another country, or is deceased. Educators for Quality Alternatives is responsible for assigning exit codes to any student who leaves. Only specific exit codes are deemed legitimate reasons for leaving and will cause the leaver to not be included in the cohort's graduation index calculations. These codes relate to death, transfers out of the state or country, transfers to non-public schools, transfers to home study/in-school private schooling, and transfers to Early College Admissions Programs.

Specific documentation must be maintained for students to be considered legitimate leavers from the cohort. Educators for Quality Alternatives is also responsible for developing a system of internal controls to ensure the proper documentation is retained for all leavers of the cohort.

Recommendation: Educators for Quality Alternatives should establish procedures at the school and program administration levels to ensure appropriate documentation is obtained related to removal of students from a cohort in accordance with Louisiana Administrative Code Title 28, Part LXXXIII, Chapter 6, §611.

Status: Resolved.

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

To the Board of Directors of
Educators for Quality Alternatives, Inc.,
the Louisiana Department of Education,
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Educators for Quality Alternatives, Inc. (the "School") for the fiscal year ended June 30, 2023. Management of the School is responsible for its performance and statistical data.

The School has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of performing the specified procedures on the performance and statistical data accompanying the annual financial statements and report our findings to assist the specified parties in its compliance with Louisiana Revised Statute 24:514 I. The Louisiana Legislative Auditor ("LLA") and the Louisiana Department of Education ("LDOE") have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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

1. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified within the below category corresponding to the type of expenditure/revenue identified on the supporting documentation:
 - 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

No exceptions noted.

Class Size Characteristics (Schedule 2)

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced the number of students per class for a sample of 10 classes to the October 1 roll books for those classes and observed that the number of students per class agreed with its classification on the schedule.

Nine exceptions noted. For nine of the ten classes tested, the number of students per class per the October 1 roll books did not agree with the classification on the schedule. No exceptions noted for the one other class tested.

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

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

No exceptions noted.

Public-School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, obtained each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents as documented in the personnel file supports the information on the PEP data (or equivalent listing prepared by management).

No exceptions noted.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data of the School for the fiscal year ended June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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



EISNERAMPER LLP
Metairie, Louisiana
December 31, 2023



EDUCATORS FOR QUALITY ALTERNATIVES, INC.

NEW ORLEANS, LOUISIANA

Schedules Required by State Law (R.S. 24:514 - Performance Measurement Data)

As of and for the Year Ended June 30, 2023

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

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2023

	Column A	Column B
<u>General Fund Instructional and Equipment Expenditures</u>		
General Fund Instructional Expenditures:		
Teacher and Student Interaction Activities:		
Classroom teacher salaries	\$ 1,134,450	
Other instructional staff activities	681,738	
Instructional staff employee benefits	609,125	
Purchased professional and technical services	186,194	
Instructional materials and supplies	179,283	
Instructional equipment	805	
Total teacher and student interaction activities		\$ <u>2,791,595</u>
Other instructional activities		<u>567,132</u>
Pupil support services	1,013,125	
Less: Equipment for pupil support services	<u>-</u>	
Net pupil services		<u>1,013,125</u>
Instructional staff services	-	
Less: Equipment for Instructional staff services	<u>-</u>	
Net Instructional staff services		<u>-</u>
School administration	2,698,599	
Less: Equipment for School administration	<u>(28,562)</u>	
Net School administration		<u>2,670,037</u>
Total General Fund Instructional Expenditures		\$ <u><u>7,041,889</u></u>
Total General Fund Equipment Expenditures		\$ <u><u>29,367</u></u>

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

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

Class Size Characteristics
as of October 1, 2022

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	0%	-	0%	-	0%	-	0%	-
Elementary Activity Class	0%	-	0%	-	0%	-	0%	-
Middle High	0%	-	0%	-	0%	-	0%	-
Middle High Activity Class	0%	-	0%	-	0%	-	0%	-
High	88%	372	4%	15	4%	15	4%	22
High Activity Class	0%	-	0%	-	0%	-	0%	-
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Class	0%	-	0%	-	0%	-	0%	-

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

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

EISNERAMPER

EDUCATORS FOR QUALITY ALTERNATIVES, INC.

**REPORT ON STATEWIDE AGREED-UPON
PROCEDURES ON COMPLIANCE AND
CONTROL AREAS**

FOR THE YEAR ENDED JUNE 30, 2023



TABLE OF CONTENTS

	<u>Page</u>
Independent Accountants' Report on Applying Agreed-Upon Procedures	1
Schedule A: Agreed-Upon Procedures Performed and Associated Findings	2 - 14
Schedule B: Management's Response and Corrective Action Plan	15

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

To the Board of Directors of Educators for Quality Alternatives and the Louisiana Legislative Auditor

We have performed the procedures enumerated in Schedule A on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) of Educators for Quality Alternatives, Inc. (the School or Entity) for the fiscal period July 1, 2022 through June 30, 2023. The School's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures we performed, and the associated findings are summarized in the attached Schedule A, which is an integral part of this report.

We were engaged by the School to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 of the School for the fiscal period July 1, 2022 through June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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



EISNERAMPER LLP
Metairie, Louisiana
December 31, 2023

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

The procedures performed and the results thereof are set forth below. The procedure is stated first, followed by the results of the procedure presented in italics. If the item being subjected to the procedures is positively identified or present, then the results will read *“no exception noted”* or for step 13 *“we performed the procedure and discussed the results with management”*. If not, then a description of the exception ensues.

1) Written Policies and Procedures

A. Obtain and inspect the entity’s written policies and procedures and observe whether they address each of the following categories and subcategories (if applicable to public funds and the entity’s operations):

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

No exception noted.

ii. **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.

No exception noted.

iii. **Disbursements**, including processing, reviewing, and approving

No exception noted.

iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management’s actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exception noted.

v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.

No exception noted.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

No exception noted.

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

Exception noted. The School has written policies for travel and expense reimbursement including attributes (1) allowable expenses, (3) documentation requirements, and (4) required approvers; however, the written policies do not contain attribute (2) dollar thresholds by category of expense.

- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

No exception noted.

- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

No exception noted.

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exception noted. The School has written policies and procedures covering Debt Service, including (1) debt issuance approval. The School is a not-for-profit entity with no debt and therefore, does not have written policies and procedures including (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

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

No exception noted.

- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exception noted.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

2) Board or Finance Committee

A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- i. Observe whether the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

- ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

No exception noted.

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

No exception noted.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exception noted.

3) Bank Reconciliations

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

A listing of bank accounts was provided and included a total of eight bank accounts. Management identified the entity's main operating account. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected five bank accounts (one main operating and four randomly) and obtained the bank reconciliations for the month ending April 30, 2023, resulting in five bank reconciliations obtained and subjected to the below procedures.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

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

No exception noted.

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

Exceptions noted. For all five bank reconciliations selected for testing, the bank reconciliation did not include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks reviewed the bank reconciliation.

- iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exception noted.

4) Collections (excluding electronic funds transfers)

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

A listing of deposit sites was provided and included a total of one deposit site. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one deposit site and performed the procedures below.

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

A listing of collection locations for the one deposit site selected in procedure #4A was provided and included a total of one collection location. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one collection location for the one deposit site. Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. Employees responsible for cash collections do not share cash drawers/registers;

No exception noted.

- ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit;

No exception noted.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

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

No exception noted.

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

No exception noted.

- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

No exception noted.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

We randomly selected two deposit dates for one of the five bank accounts selected in procedure #3A, as the other four bank accounts did not have deposits during the fiscal period. We obtained supporting documentation for each of the two deposits and performed the procedures below.

- i. Observe that receipts are sequentially pre-numbered.

The School does not use sequentially pre-numbered receipts.

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

No exception noted.

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

No exception noted.

- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Exception noted. For the two deposits selected for testing, the School did not provide sequentially pre-numbered receipts or collection documentation including the date of collection. Therefore, we could not test if the deposit was made within one business day of receipt at the collection location.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

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

No exception noted.

5) Non-payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

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

The listing of locations that process payments for the fiscal period was provided and included a total of one location. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one location and performed the procedures below.

- B. For each location selected under #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that:

The listing of employees involved with non-payroll purchasing and payment functions for the payment processing location selected in procedure #5A was provided. No exceptions were noted as a result of performing this procedure.

Review of the Entity's written policies and procedures or inquiry with employee(s) regarding job duties was performed in order to perform the procedures below.

- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

No exception noted.

- ii. At least two employees are involved in processing and approving payments to vendors;

No exception noted.

- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

No exception noted.

- iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

No exception noted.

- v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

No exception noted.

EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023

Schedule A

- C. For each location selected under #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and

A listing of non-payroll disbursements for the payment processing location selected in procedures #5A was provided related to the reporting period. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected five disbursements and performed the procedures below.

- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice, and that supporting documentation indicates that deliverables included on the invoice were received by the entity, and

No exceptions noted.

- ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

No exception noted.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

No exception noted.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

A listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period was provided and included a total of 16 cards. No exceptions were noted as a result of performing this procedure.

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

From the listing provided, we randomly selected five cards used in the fiscal period. We randomly selected one monthly statement for each of the five cards selected and performed the procedures noted below.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported; and

No exception noted.

- ii. Observe that finance charges and late fees were not assessed on the selected statements.

No exception noted.

- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

We randomly selected ten transactions, or all transactions if less than ten from each statement and obtained supporting documentation for the transactions. For each transaction, observed that it was supported by (1) an original itemized receipt that identified precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

No exception noted.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

The listing of travel and travel-related expense reimbursements was provided for the fiscal period and included a total of one reimbursement. No exceptions were noted as a result of performing this procedure.

From the listing provided, we selected the one reimbursement and performed the procedures below.

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

No exception noted.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

No exception noted.

- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by "Written Policies and Procedures", procedure #1A(vii); and

No exception noted.

- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exception noted.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

A listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected five contracts and performed the procedures below.

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

No exception noted.

- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter);

No exception noted.

- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

No exception noted.

- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exception noted.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

9) Payroll and Personnel

- A. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

A listing of employees employed during the fiscal year was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected five employees and performed the specified procedures.

- B. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

We randomly selected one pay period during the fiscal period and performed the procedures below for the five employees selected in procedure #9A.

- i. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

No exception noted.

- ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

No exception noted.

- iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and

No exception noted.

- iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

No exception noted.

- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

A listing of employees receiving termination payments during the fiscal period was provided. No exceptions were noted as a result of performing this procedure.

From the listing provided, we randomly selected two employees and performed the specified procedures. No exceptions were noted as a result of performing this procedure.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

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

No exceptions noted.

10) Ethics

The Ethics procedures below are not required to be performed for non-profit entities for this agreed upon procedures engagement; therefore, these procedures were not performed.

- A. Using the 5 randomly selected employees/officials from procedure "Payroll and Personnel" procedure #9A, above obtain ethics documentation from management, and
- i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

Debt Service is not applicable to the School as it is a non-profit entity with no debt; therefore, these procedures were not performed.

- A. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.

No exception noted.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

- B. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exception noted.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures

- i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

We performed the procedure and discussed the results with management.

- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

We performed the procedure and discussed the results with management.

- iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

We performed the procedure and discussed the results with management.

- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidenced that the selected terminated employees have been removed or disabled from the network.

We performed the procedure and discussed the results with management.

14) Prevention of Sexual Harassment

The Prevention of Sexual Harassment procedures below are not required to be performed for charter schools for this agreed upon procedures engagement; therefore, these procedures were not performed

- A. Using the 5 randomly selected employees/officials from "Payroll and Personnel" procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
AGREED-UPON PROCEDURES PERFORMED AND ASSOCIATED FINDINGS
JUNE 30, 2023**

Schedule A

- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

**EDUCATORS FOR QUALITY ALTERNATIVES, INC.
MANAGEMENT'S RESPONSE AND CORRECTIVE ACTION PLAN
JUNE 30, 2023**

Schedule B

Written Policies and Procedures - Travel and Expense Reimbursement

EQA employees rarely travel for business. However, EQA will review its internal policies and propose adoption of the Louisiana State Travel Guide as its travel policy.

Bank Reconciliations

EQA management signed all bank reconciliations. EQA was able to demonstrate that the board member reviewed the bank reconciliations via an online platform, but simply failed to sign off on the reconciliations.

Collections (excluding electronic funds transfers)

EQA deposits checks as soon as feasible once they are received. EQA will review its internal policies to determine if the addition of a check log is necessary. EQA averages less than 6 paper check payments each month.