

**REDESIGN SCHOOLS LOUISIANA**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**TOGETHER WITH**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**Redesign Schools Louisiana**  
Baton Rouge, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Redesign Schools Louisiana (RSL)** which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
**Redesign Schools Louisiana**  
Baton Rouge, Louisiana

**Auditors' Responsibility, Continued**

Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements previously referred to present fairly, in all material respects, the financial position of **RSL** as of June 30, 2021, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
**Redesign Schools Louisiana**  
Baton Rouge, Louisiana

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021 on our consideration of RSL'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RSL's internal control over financial reporting and compliance.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 22, 2021

**REDESIGN SCHOOLS LOUISIANA**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

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<b>CURRENT ASSETS:</b>	
Cash (NOTE 2)	\$ 920,094
Grants receivable (NOTE 3)	1,167,076
Prepaid items (NOTE 10)	<u>131,965</u>
Total current assets	<u>2,219,135</u>
 <b>NON-CURRENT ASSETS:</b>	
Non-current assets	<u>-0-</u>
Total non-current assets	<u>-0-</u>
Total assets	<u><u>\$2,219,135</u></u>
 <b>CURRENT LIABILITIES:</b>	
Accounts payable vendors	\$ 205,384
Accrued salaries payable	163,909
Deferred revenues	<u>32,000</u>
Total current liabilities	<u>401,293</u>
 <b>NON-CURRENT LIABILITIES:</b>	
Non-current liabilities	<u>-0-</u>
Total non-current liabilities	<u>-0-</u>
Total liabilities	<u>401,293</u>
 <b>NET ASSETS:</b>	
With donor restrictions (NOTE 7)	-0-
Without donor restrictions	<u>1,817,842</u>
Total net assets	<u>1,817,842</u>
Total liabilities and net assets	<u><u>\$2,219,135</u></u>

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

**REDESIGN SCHOOLS LOUISIANA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	With Donor <u>Restrictions</u>	Without Donor <u>Restrictions</u>	<u>Total</u>
<b>OPERATING ACTIVITIES:</b>			
Local Sources:			
Minimum Foundation Program	\$ <u>-0-</u>	\$ <u>4,879,426</u>	\$ <u>4,879,426</u>
Total local sources	<u>-0-</u>	<u>4,879,426</u>	<u>4,879,426</u>
State Sources:			
Minimum Foundation Program	-0-	3,153,853	3,153,853
Grants	-0-	36,810	36,810
Net assets released from donor restrictions	<u>(7,230)</u>	<u>107,230</u>	<u>100,000</u>
Total state sources	<u>(7,230)</u>	<u>3,297,893</u>	<u>3,290,663</u>
Federal grants	<u>-0-</u>	<u>1,826,258</u>	<u>1,826,258</u>
Total operating activities	<u>(7,230)</u>	<u>10,003,577</u>	<u>9,996,347</u>
<b>OPERATING EXPENSES:</b>			
Program services	-0-	5,014,734	5,014,734
Supporting services	<u>-0-</u>	<u>3,767,696</u>	<u>3,767,696</u>
Total operating expenses	<u>-0-</u>	<u>8,782,430</u>	<u>8,782,430</u>
Change in net assets from operating activities	<u>(7,230)</u>	<u>1,221,147</u>	<u>1,213,917</u>
<b>NON-OPERATING ACTIVITIES:</b>			
Other income	<u>-0-</u>	<u>44,052</u>	<u>44,052</u>
Total non-operating activities	<u>-0-</u>	<u>44,052</u>	<u>44,052</u>
Change in net assets from non-operating activities	<u>-0-</u>	<u>44,052</u>	<u>44,052</u>
Change in net assets from operating and non-operating activities	<u>(7,230)</u>	<u>1,265,199</u>	<u>1,257,969</u>
Net assets, July 1, 2020	<u>7,230</u>	<u>552,643</u>	<u>559,873</u>
Net assets, June 30, 2021	\$ <u><u>-0-</u></u>	\$ <u><u>1,817,842</u></u>	\$ <u><u>1,817,842</u></u>

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



**REDESIGN SCHOOLS LOUISIANA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>WITH DONOR RESTRICTIONS</u>		<u>WITHOUT DONOR RESTRICTIONS</u>		<u>TOTAL</u>
	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	<u>PROGRAM SERVICES</u>	<u>SUPPORTING SERVICES</u>	
<b>EXPENSES</b>					
Salaries	\$-0-	\$-0-	\$2,487,660	\$1,395,968	\$3,883,628
Employee benefits	-0-	-0-	302,732	127,608	430,340
Payroll taxes	-0-	-0-	188,407	100,176	288,583
Communications	-0-	-0-	104,438	1,633	106,071
Professional services	-0-	-0-	212,144	125,363	337,507
Management fees	-0-	-0-	-0-	1,105,793	1,105,793
Legal fees	-0-	-0-	-0-	110,865	110,865
Food services management	-0-	-0-	307,691	-0-	307,691
Repairs and maintenance	-0-	-0-	201,263	-0-	201,263
Utilities	-0-	-0-	126,386	-0-	126,386
Lawn care	-0-	-0-	71,609	-0-	71,609
Indirect cost	-0-	-0-	36,810	-0-	36,810
Student transportation	-0-	-0-	523,544	-0-	523,544
Purchased services	-0-	-0-	-0-	126,534	126,534
Material and supplies	-0-	-0-	131,055	3,362	134,417
Technology related supplies	-0-	-0-	24,665	-0-	24,665
Insurance	-0-	-0-	-0-	122,916	122,916
Curriculum	-0-	-0-	107,222	19	107,241
Educational services	-0-	-0-	91,509	354,600	446,109
Equipment rental	-0-	-0-	46,801	-0-	46,801
Dues and fees	-0-	-0-	-0-	169,842	169,842
Professional development	-0-	-0-	-0-	23,017	23,017
Other	-0-	-0-	34,344	-0-	34,344
Disposal services	-0-	-0-	16,454	-0-	16,454
Total expenses	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$5,014,734</u>	<u>\$3,767,696</u>	<u>\$8,782,430</u>

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

**REDESIGN SCHOOLS LOUISIANA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**CASH FLOWS PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	\$1,257,969
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in assets and liabilities:	
Increase in grants receivable	(439,038)
Decrease in other receivable	85,278
Increase in prepaid items	(16,976)
Decrease in accounts payable vendors	(433,947)
Increase in accrued salaries payable	96,741
Increase in deferred revenues	<u>32,000</u>
Net cash provided by operating activities	<u>582,027</u>
Increase in cash	582,027
Cash - July 1, 2020	<u>338,067</u>
Cash - June 30, 2021	\$ <u><u>920,094</u></u>

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

**REDESIGN SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - BACKGROUND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Background

**Redesign Schools Louisiana** previously is a non-profit public benefit corporation organized under the laws of the State of Louisiana under the name of Celerity Schools Louisiana. During the year ended June 30, 2021, **RSL** changed its name to **Redesign Schools Louisiana (RSL)**. **RSL** commenced operations during the 2014-2015 fiscal year. **RSL** currently operates a Network Office and three charter schools. The term and sponsoring agency for each of the charter schools is as follows:

<u>Charter Name</u>	<u>Term of Charter</u>	<u>Sponsoring Agency</u>
Lanier Elementary School	5 years	Louisiana Department of Education
Dalton Elementary School	5 years	Louisiana Department of Education
Glen Oaks Middle School	4 years	Louisiana Department of Education

The mission of **RSL** is to provide schools where at-risk students will thrive in an atmosphere of high expectations and engaging curriculum with challenging learning activities.

Principles of Accounting

The financial statements of **RSL** are prepared in accordance with accounting principles generally accepted in the United States of America and on the accrual basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**REDESIGN SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Funding

RSL receives its primary funding from the State of Louisiana's Minimum Foundation Program, pass-through awards, as well as other direct funding from the Federal Emergency Management Agency.

Property and Equipment

RSL follows the practice of capitalizing at cost, all property and equipment acquisitions with a unit cost of \$5,000 and over. Depreciation is computed under the straight-line method for all depreciable assets over their respective estimated useful lives. RSL depreciates property and equipment over a five (5) to ten (10) year period.

Donations of property and equipment are recorded as contributions at their fair value at date of donation. Such donations are reported as without donor restriction contribution unless restricted by donor.

Amortization is recorded at rates designed to amortize cost over estimated useful lives.

Property and equipment acquired under grants vest subject to use, management and disposition requirements.

Capital leases and related liabilities are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset.

**REDESIGN SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Use of Restricted Resources

It is the practice of **RSL** to use restricted resources based on donor restrictions and consistent with its mission. See page 11 for additional discussion with regards to presentation of donor and/or without donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and supporting services in the accompanying statement of functional expenses.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries and related benefits	Time and effort
Occupancy	Square footage
Professional fees	Full time equivalent
Depreciation	Square footage
Other	Time and effort

Statement of Cash Flows

For purposes of the statement of cash flows, **RSL** considers all investments with original maturities of three months or less to be cash equivalents. At June 30, 2021, **RSL** had no cash equivalents.

**REDESIGN SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Financial Statement Presentation

Under Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) Section 958-605, *Not-For-Profit Entities, Revenue Recognition*, **RSL** must recognize contributions received as revenue, including unconditional promises to give, in the period received at their fair value. At the same time, contributions made, including unconditional promises to give, must be recognized as expenses in the period made at their fair value.

Presentation of Financial Statements

**RSL's** financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit Guide for Not-for-Profit Organizations" (the Guide) update No. 2016-14. ASC 958-205 was effective January 1, 2018. Under provisions of the Guide net assets of **RSL** are classified to present the following based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of **RSL** are classified as follows:

- Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of **RSL's**. **RSL's** board may designate assets without restrictions for specific operational purposes from time to time. Some donor restrictions are temporary in nature; those restrictions will be met by actions of **RSL** or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- Net assets with donor restrictions include grants and contributions for which donor-imposed time and/or purpose restrictions have not been met.

**REDESIGN SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED :

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to RSL's ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs, and other activities considered to be a more unusual or nonrecurring nature.

Fair Value of Financial Instruments

The estimated fair value of all significant financial statement amounts have been determined by RSL using available market information and appropriate valuation methodologies.

RSL considers the carrying amounts of cash, other and grants receivables, prepaid items, and amounts and other payables to be at fair market.

Budgetary Data

RSL formally adopts a budget. The budgetary data are submitted to the State of Louisiana for approval.

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfers. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram activities are netted at the combined financial statements level.

**REDESIGN SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - BACKGROUND AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

Total Memorandum Only

The total column on the accompanying combining financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) Standards Update - 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 requires a lessee to recognize a lease asset representing its right to use the underlying asset for the lease terms, and a lease liability for the payments to be made to lessor, on its balance sheet for all operating leases greater than twelve (12) months. The requirements of this statement have been postponed for reporting periods beginning after December 15, 2021. **RSL** has not assessed the potential impact of this guidance on its financial statements.

NOTE 2 - CASH:

**RSL** maintains its bank accounts in one operating account with interfund transactions to account for the cash receipts and disbursements by fund. As of June 30, 2021 the collected bank balance was \$703,077 and a book balance of \$920,094. The use of interfund accounts must be taken into account when reviewing book balance of cash accounts in determining the cash position of each fund.

Cash balances held in banks are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). **RSL** maintains its cash in bank deposit accounts that at times may exceed federally insured limits. **RSL** does not have a deposit policy and has not experienced any losses in such accounts. At June 30, 2021, **RSL** has a total collected bank balance of \$953,077 in excess of the FDIC insured limit. See other matters report reference number OM 2021-002 and NOTE 8 for additional discussions.



**REDESIGN SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 3 - GRANTS RECEIVABLE:**

At June 30, 2021, grants receivable consisted of costs incurred in excess of funds reimbursed for pass-through programs funded by the Departments of Education and Agriculture. A detail by funding source follows:

	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Total</u>
U.S. Department of Education	\$352,070	\$444,239	\$315,442	\$1,111,751
U.S. Department of Agriculture	<u>26,704</u>	<u>847</u>	<u>27,774</u>	<u>55,325</u>
Total grants receivable	<u>\$378,774</u>	<u>\$445,086</u>	<u>\$343,216</u>	<u>\$1,167,076</u>

**NOTE 4 - INCOME TAXES:**

**RSL** is exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code.

**NOTE 5 - CONTINGENCIES AND COMMITMENTS:**

**RSL** is a recipient of funding from the State of Louisiana's Minimum Foundation Program to include other grants received through the State of Louisiana. The funding is governed by various guidelines, regulations and contractual agreements. The administration of the program and activities funded is under the control and administration of **RSL** and is subject to audit and/or review by the applicable funding source. Any funds found to be not properly spent in accordance with the terms, conditions and regulations of the funding sources may be subject to recapture.

**REDESIGN SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 5 - CONTINGENCIES AND COMMITMENTS, CONTINUED:**

On April 3, 2019, **RSL** executed a grant agreement with New Schools for Baton Rouge in the amount of \$500,000 for the creation, establishment, and operation of Glen Oaks Middle School.

At June 30, 2021, all funds have been released from donor restrictions based on attainment of milestones.

**NOTE 6 - RISK MANAGEMENT:**

**RSL** is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets for which **RSL** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

**NOTE 7 - CONCENTRATION OF REVENUE SOURCE:**

**RSL** receives primarily all of its support from the State of Louisiana. If the amount of revenue received should fall below award budgeted levels, **RSL's** operating results could be adversely affected.

**NOTE 8 - CONCENTRATION OF CREDIT RISK:**

Financial instruments which potentially subject **RSL** to concentrations of credit risk consist principally of cash. See NOTE 2 for additional discussion.

**REDESIGN SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 9 - PER DIEM TO BOARD OF DIRECTORS:**

During the year ended June 30, 2021, no board member received per diem in his or her capacity as director.

**NOTE 10 - PREPAID ITEMS:**

At June 30, 2021, prepaid items consisted of the following:

Security deposit	\$ 19,386
Prepaid insurance	61,503
Prepaid supplies and services	<u>51,076</u>
	<u>\$131,965</u>

**NOTE 11 - RETIREMENT:**

Effective January 1, 2015, RSL established an employee 403(b) plan (the Plan). Generally, the Plan is available to employees upon being hired. Full-time certified employees (teachers, principal and curriculum specialists), once enrolled, are eligible to receive 5% of their compensation in the Plan. Currently, unclassified employees of RSL are not eligible to receive benefits from the Plan. For the year ended June 30, 2021, employer contribution expense was \$42,905.

**NOTE 12 - SUBSEQUENT EVENTS:**

RSL is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition and/or disclosure in the accompanying financial statements. RSL performed such an evaluation through December 22, 2021, the date on which the accompanying financial statements were available to be issued, and noted no subsequent events or transactions that occurred requiring recognition and/or disclosure.

**REDESIGN SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 13 - MANAGEMENT TEAM:**

At June 30, 2021, **RSL** has terminated its management agreement with ReFONTE (A Louisiana nonprofit corporation charter management organization).

**NOTE 14 - LEASES:**

**RSL** maintains operating leases for equipment. The operating leases for equipment automatically renew annually, unless **RSL** opts-out of continuation. Operating lease expense for the year ended June 30, 2021 totaled \$46,801.

**NOTE 15 - LIQUIDITY:**

**RSL's** financial assets available within one year of the statement of financial position date for general expenses are as follows:

Cash	\$ 920,094
Grants receivable	<u>1,167,076</u>
	2,087,170
Less:	
Accounts payable	205,383
Accrued salaries payable	163,909
Deferred revenues	<u>32,000</u>
Financial assets available to meet expenses over the next twelve months	<u>\$1,685,878</u>

**REDESIGN SCHOOLS LOUISIANA**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 16 - LIQUIDITY, CONTINUED:

**RSL's** financial assets have been reduced by amounts not available for general use because of donor-imposed restrictions within one year of the financial position.

As part of **RSL's** liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, **RSL** invests cash in excess of projected requirements in investments.

NOTE 17 - CORONAVIRUS:

On January 30, 2020, the World Health Organization declared the Corona Virus "COVID-19" as a global health emergency. On March 13, 2020, the President of the United States of America declared a national emergency. Management of **RSL** continues to assess the impact of COVID-19 on its overall operations as it navigates through initiatives guidelines and various executive orders mandated by the Governor for the State of Louisiana and the Mayor for the City of Baton Rouge.

**SUPPLEMENTARY INFORMATION**



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**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION**

To the Board of Directors  
**Redesign Schools Louisiana**  
Baton Rouge, Louisiana

**Other Matters**

*Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance*

We have audited the financial statements of **Redesign Schools Louisiana (RSL)** as of and for the year ended June 30, 2021, and have issued our report dated December 22, 2021 which contained an unmodified opinion on the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards (Schedule I) is presented for the purposes of additional analysis as required by *the Uniform Guidance* and is not a required part of the financial statements. The information in Schedule I 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying Schedule I is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**INDEPENDENT AUDITORS' REPORT  
ON  
SUPPLEMENTARY INFORMATION  
(CONTINUED)**

**Other Matters, Continued**

*Other Supplementary Information*

The other supplementary information, Schedule II and Exhibits I, II and III on pages 24 through 29 which is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statement has been subjected to auditing procedures applied in the audit 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying other supplementary information (Schedule II and Exhibits I, II and III) is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 22, 2021



**REDESIGN SCHOOLS LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<u>Federal Grantor/Program Name</u>	<u>Assistance Listing</u>	<u>Expenditures</u>
<b><u>Program Funded by the U.S. Department of Agriculture</u></b>		
<i><u>Awards From a Pass-Through Entity</u></i>		
<u>Pass-Through: LA State Department of Education</u>		
National School Lunch Program	10.555	\$ <u>434,354</u>
Total Pass-Through U.S. Department of Agriculture		<u>434,354</u>
<b><u>Programs Funded by the U.S. Department of Education</u></b>		
<i><u>Awards from a Pass-Through Entity</u></i>		
<u>Pass-Through: LA State Department of Education</u>		
Title I, Part A - Grants to Local Educational Agencies	84.010	514,963
Title II, Part A - Teacher and Principal Training and Recruiting Fund	84.367	73,008
Title IVA- Student Support and Enrichment Grant	84.424	31,181
Individuals with Disabilities Education Act (IDEA) Part B	84.027	190,580
Education Excellence Funds	xx.xxx	14,597
School Redesign Grant	84.010A	40,528
LA-4 Program	84.419B	182,284
Striving Readers Comprehensive Literacy Consolidated (SRCC)	84.371C	43,738
Charter School Program	84.282A	73,512
Direct Student Services	84.010A	3,906
State Personnel Development Grant	84.323A	17,057
ESSA Formula Grant (Strong Start)	84.425D	195,653
High Cost Services	84.027	<u>10,538</u>
Page total Pass-Through U. S. Department of Education		<u>1,391,545</u>

See Independent Auditors' Report on Supplementary Information.

**REDESIGN SCHOOLS LOUISIANA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2021**

**Programs Funded by the U.S. Department of Education**  
**Awards from a Pass Through Entity, Continued**

<b><u>Federal Grantor/Program Name</u></b>	<b><u>Assistance Listing</u></b>	<b><u>Expenditures</u></b>
<u>Pass-Through: New Schools Baton Rouge</u>		
Louisiana Believe and Succeeding Reach to the Top	84.413A	\$ <u>107,230</u>
Total Pass-Through New Schools Baton Rouge		<u>107,230</u>
Total Pass-Through U. S. Department of Education		<u>1,498,775</u>
Total Expenditures of Federal Awards		<u>\$1,933,129</u>

NOTE: The accompanying Schedule of Expenditures of Federal Awards included in the federal grant activity of **Redesign Schools Louisiana** is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (*Uniform Guidance*). **Redesign Schools Louisiana** has not elected to use the 10-percent de minimus indirect cost rate allowed under *Uniform Guidance*.

See Independent Auditors' Report on Supplementary Information.

**REDESIGN SCHOOLS LOUISIANA  
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS  
TO CHIEF EXECUTIVE OFFICER  
FOR YEAR ENDED JUNE 30, 2021**

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**Agency Head:      Angela Beck**

Salary	\$147,000
Benefits - Health	4,437
Benefits - Social security	8,610
Benefits - Medicare	2,132
Benefits - Unemployment	195
Car allowance	<u>6,000</u>
	<u>\$168,374</u>

See Independent Auditors' Report on Supplementary Information.

**REDESIGN SCHOOLS LOUISIANA**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
<b>Current Assets:</b>						
Cash	\$ -0-	\$ -0-	\$ -0-	\$ 920,094	\$ -0-	\$ 920,094
Grants receivable	378,774	445,086	343,216	-0-	-0-	1,167,076
Due from other programs	405,183	463,193	-0-	-0-	(868,376)	-0-
Prepaid items	<u>25,878</u>	<u>25,958</u>	<u>17,298</u>	<u>62,831</u>	<u>-0-</u>	<u>131,965</u>
Total current assets	<u>\$809,835</u>	<u>\$934,237</u>	<u>\$ 360,514</u>	<u>\$ 982,925</u>	<u>\$(868,376)</u>	<u>\$2,219,135</u>
<b>Current Liabilities:</b>						
Accounts payable - vendors	\$ -0-	\$ -0-	\$ -0-	\$ 205,384	\$ -0-	\$ 205,384
Accrued salaries payable	-0-	-0-	-0-	163,909	-0-	163,909
Due to other programs	-0-	-0-	19,851	848,525	(868,376)	-0-
Deferred revenues	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>32,000</u>	<u>-0-</u>	<u>32,000</u>
Total current liabilities	<u>-0-</u>	<u>-0-</u>	<u>19,851</u>	<u>1,249,818</u>	<u>(868,376)</u>	<u>401,293</u>
<b>Non-current Liabilities:</b>						
Non-current liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total noncurrent liabilities	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total liabilities	<u>-0-</u>	<u>-0-</u>	<u>19,851</u>	<u>1,249,818</u>	<u>(868,376)</u>	<u>401,293</u>
<b>Net Assets:</b>						
With donor restrictions	-0-	-0-	-0-	-0-	-0-	-0-
Without donor restrictions	<u>809,835</u>	<u>934,237</u>	<u>340,663</u>	<u>(266,893)</u>	<u>-0-</u>	<u>1,817,842</u>
Total net assets	<u>809,835</u>	<u>934,237</u>	<u>340,663</u>	<u>(266,893)</u>	<u>-0-</u>	<u>1,817,842</u>
Total liabilities and net assets	<u>\$809,835</u>	<u>\$934,237</u>	<u>\$ 360,514</u>	<u>\$ 982,925</u>	<u>\$(868,376)</u>	<u>\$2,219,135</u>

See Independent Auditors' Report on Supplementary Information.

**REDESIGN SCHOOLS LOUISIANA**  
**COMBINING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
<b>OPERATING REVENUES:</b>						
Local Sources						
Minimum Foundation Program	<u>\$1,693,698</u>	<u>\$1,533,110</u>	<u>\$1,652,618</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 4,879,426</u>
Total local sources	<u>1,693,698</u>	<u>1,533,110</u>	<u>1,652,618</u>	<u>-0-</u>	<u>-0-</u>	<u>4,879,426</u>
State Sources:						
Minimum Foundation Program	1,095,520	991,750	1,066,583	-0-	-0-	3,153,853
Grants without restrictions	-0-	-0-	-0-	36,810	-0-	36,810
Net assets released from donor restrictions	<u>-0-</u>	<u>-0-</u>	<u>100,000</u>	<u>-0-</u>	<u>-0-</u>	<u>100,000</u>
Total state sources	<u>1,095,520</u>	<u>991,750</u>	<u>1,166,583</u>	<u>36,810</u>	<u>-0-</u>	<u>3,290,663</u>
Federal grants	<u>645,685</u>	<u>728,302</u>	<u>452,271</u>	<u>-0-</u>	<u>-0-</u>	<u>1,826,258</u>
Total operating revenues	<u>3,434,903</u>	<u>3,253,162</u>	<u>3,271,472</u>	<u>36,810</u>	<u>-0-</u>	<u>9,996,347</u>

See Independent Auditors' Report on Supplementary Information.

**REDESIGN SCHOOLS LOUISIANA**  
COMBINING STATEMENT OF ACTIVITIES, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
<b>EXPENSES:</b>						
Program services	\$1,777,023	\$1,737,586	\$1,447,321	\$ 52,804	\$ -0-	\$5,014,734
Supporting services	<u>1,241,520</u>	<u>1,261,075</u>	<u>1,280,696</u>	<u>869,409</u>	<u>(885,004)</u>	<u>3,767,696</u>
Total expenses	<u>3,018,543</u>	<u>2,998,661</u>	<u>2,728,017</u>	<u>922,213</u>	<u>(885,004)</u>	<u>8,782,430</u>
Change in net assets from operating activities	<u>416,360</u>	<u>254,501</u>	<u>543,455</u>	<u>(885,403)</u>	<u>885,004</u>	<u>1,213,917</u>
<b>NON-OPERATING REVENUES:</b>						
Support from other programs	-0-	-0-	-0-	885,004	(885,004)	-0-
Other income	<u>768</u>	<u>42,885</u>	<u>-0-</u>	<u>399</u>	<u>-0-</u>	<u>44,052</u>
Change in net assets from non-operating activities	<u>768</u>	<u>42,885</u>	<u>-0-</u>	<u>885,403</u>	<u>(885,004)</u>	<u>44,052</u>
Change in net assets from operating and non-operating activities	<u>417,128</u>	<u>297,386</u>	<u>543,455</u>	<u>-0-</u>	<u>-0-</u>	<u>1,257,969</u>
Net assets, July 1, 2020	<u>392,707</u>	<u>636,851</u>	<u>(202,792)</u>	<u>(266,893)</u>	<u>-0-</u>	<u>559,873</u>
Net assets - June 30, 2021	<u>\$ 809,835</u>	<u>\$ 934,237</u>	<u>\$ 340,663</u>	<u>\$(266,893)</u>	<u>\$ -0-</u>	<u>\$1,817,842</u>

See Independent Auditors' Report on Supplementary Information.

**REDESIGN SCHOOLS LOUISIANA**  
**COMBINING STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
<b>EXPENSES</b>						
Program services:						
Salaries	\$ 920,231	\$ 886,561	\$ 680,268	\$ 600	\$ -0-	\$2,487,660
Employee benefits	114,025	111,869	76,715	123	-0-	302,732
Payroll taxes	66,367	63,500	58,494	46	-0-	188,407
Communications	18,927	34,533	47,080	3,898	-0-	104,438
Professional services	61,831	81,661	67,787	865	-0-	212,144
Management fees	-0-	-0-	-0-	-0-	-0-	-0-
Legal services	-0-	-0-	-0-	-0-	-0-	-0-
Food services management	148,213	77,998	81,480	-0-	-0-	307,691
Repairs and maintenance	47,354	65,718	87,936	255	-0-	201,263
Utilities	52,791	44,802	28,793	-0-	-0-	126,386
Lawn care	20,471	25,968	25,120	50	-0-	71,609
Indirect cost	6,257	26,597	3,956	-0-	-0-	36,810
Student transportation	181,477	165,358	176,709	-0-	-0-	523,544
Purchased services	-0-	-0-	-0-	-0-	-0-	-0-
Material and supplies	56,422	34,061	33,911	6,661	-0-	131,055
Technology related supplies	1,016	1,118	15,586	6,945	-0-	24,665
Insurance	-0-	-0-	-0-	-0-	-0-	-0-
Curriculum	33,911	54,927	18,384	-0-	-0-	107,222
Educational services	24,708	35,918	30,883	-0-	-0-	91,509
Equipment rental	16,447	22,062	8,292	-0-	-0-	46,801
Dues and fees	-0-	-0-	-0-	-0-	-0-	-0-
Professional development	-0-	-0-	-0-	-0-	-0-	-0-
Other	983	-0-	-0-	33,361	-0-	34,344
Disposal services	5,592	4,935	5,927	-0-	-0-	16,454
Support to other programs	-0-	-0-	-0-	-0-	-0-	-0-
<b>Total program services</b>	<u>1,777,023</u>	<u>1,737,586</u>	<u>1,447,321</u>	<u>52,804</u>	<u>-0-</u>	<u>5,014,734</u>

See Independent Auditors' Report on Supplementary Information.

**REDESIGN SCHOOLS LOUISIANA**  
**COMBINING STATEMENT OF FUNCTIONAL EXPENSES, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Lanier Elementary School</u>	<u>Dalton Elementary School</u>	<u>Glen Oaks Middle School</u>	<u>Redesign Schools Network Office</u>	<u>Elimination</u>	<u>Total (Memorandum Only)</u>
<b>EXPENSES</b>						
Supporting services:						
Salaries	\$ 282,176	\$ 225,936	\$ 384,345	\$503,511	\$ -0-	\$1,395,968
Employee benefits	46,677	32,989	19,927	28,015	-0-	127,608
Payroll taxes	23,160	19,045	20,774	37,197	-0-	100,176
Communications	405	416	405	407	-0-	1,633
Professional services	29,831	42,356	41,381	11,795	-0-	125,363
Management fees	324,474	317,105	256,561	207,653	-0-	1,105,793
Legal services	37,015	36,060	36,635	1,155	-0-	110,865
Food services management	-0-	-0-	-0-	-0-	-0-	-0-
Repairs and maintenance	-0-	-0-	-0-	-0-	-0-	-0-
Utilities	-0-	-0-	-0-	-0-	-0-	-0-
Lawn care	-0-	-0-	-0-	-0-	-0-	-0-
Indirect cost	-0-	-0-	-0-	-0-	-0-	-0-
Student transportation	-0-	-0-	-0-	-0-	-0-	-0-
Purchased services	32,343	44,452	48,003	1,736	-0-	126,534
Material and supplies	1,355	88	1,723	196	-0-	3,362
Technology related supplies	-0-	-0-	-0-	-0-	-0-	-0-
Insurance	16,411	10,777	19,272	76,456	-0-	122,916
Curriculum	-0-	-0-	19	-0-	-0-	19
Educational services	72,643	186,308	95,499	150	-0-	354,600
Equipment rental	-0-	-0-	-0-	-0-	-0-	-0-
Dues and fees	58,310	52,946	57,448	1,138	-0-	169,842
Professional development	9,375	13,642	-0-	-0-	-0-	23,017
Other	-0-	-0-	-0-	-0-	-0-	-0-
Disposal services	-0-	-0-	-0-	-0-	-0-	-0-
Support to other programs	<u>307,345</u>	<u>278,955</u>	<u>298,704</u>	<u>-0-</u>	<u>(885,004)</u>	<u>-0-</u>
Total supporting services	<u>1,241,520</u>	<u>1,261,075</u>	<u>1,280,696</u>	<u>869,409</u>	<u>(885,004)</u>	<u>3,767,696</u>
Total expenses	<u>\$3,018,543</u>	<u>\$2,998,661</u>	<u>\$2,728,017</u>	<u>\$922,213</u>	<u>\$(885,004)</u>	<u>\$8,782,430</u>

See Independent Auditors' Report on Supplementary Information.





Member  
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Certified Public Accountants  
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Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
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Joseph A. Akanji, CPA

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  
**Redesign Schools Louisiana**  
Baton Rouge, Louisiana

We have audited 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 of America, the financial statements of **RSL** as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise **RSL's** financial statements, and have issued our report thereon dated December 22, 2021.

**Internal Control Over Financial Reporting**

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

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  
(CONTINUED)

**Internal Control Over Financial Reporting, Continued**

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

*A deficiency in internal control* over financial reporting 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 significant deficiency* over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

*A material weakness* over financial reporting is a deficiency, or a combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of **RSL's** financial statements will not be prevented, or detected and corrected in a timely basis.

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of **RSL's** internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **RSL's** internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 22, 2021



Member  
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Certified Public Accountants  
Society of Louisiana  
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Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

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

To the Board of Directors  
**Redesign Schools Louisiana**  
Baton Rouge, Louisiana

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

We have audited **Redesign Schools Louisiana (RSL's)** compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on **RSL's** major federal programs for the year ended June 30, 2021. **RSL's** major federal programs are identified in the Summary of Auditors' Results section of the accompanying Summary Schedule of Findings and Questioned Costs.

**Management's Responsibility**

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

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE  
(CONTINUED)

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of RSL's major federal programs based on our audit of the types of compliance requirements previously described. 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 of America; and the audit requirements of Title II of the United States *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the *Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about RSL's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Major Federal Program**

In our opinion, RSL complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

**Report on Internal Control Over Compliance**

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

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

*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.



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

**Report on Internal Control Over Compliance, Continued**

A *significant deficiency* in internal control over compliance is a deficiency or a combination of control deficiencies in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* in internal control over compliance in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control 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 in a timely basis.

**Purpose of this Report**

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

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 22, 2021

**REDESIGN SCHOOLS LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:	<b>Unmodified</b>
Internal control over financial reporting:	
• Material weakness(es) identified?	<b>None Reported</b>
• Significant deficiency (ies) identified?	<b>None</b>
Noncompliance material to financial statements noted?	<b>No</b>

***Federal Awards***

Internal Control Over Major Programs:	
• Material weakness(es) identified?	<b>None Reported</b>
• Significant deficiency (ies) identified?	<b>None</b>
Type of auditors' report issued on compliance for major programs:	<b>No</b>
Any audit findings disclosed that are required to be reported in accordance with the requirements of <i>the Uniform Guidance</i> ?	<b>No</b>



**REDESIGN SCHOOLS LOUISIANA**  
**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**Section I - Summary of Auditors' Results, Continued**

*Federal Awards, Continued*

Identification of Major Program:	10.555 - National School Lunch Program
	84.010 - Title I, part A - Grants to Local Educational Agencies
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings and Questioned Costs**

No financial statement findings were reported for the year ended June 30, 2021

**Section III - Federal Award Findings and Questioned Costs**

No federal award findings and questioned costs were reported for the year ended June 30, 2021.

**Section IV - Status of Prior Year's Findings and Questioned Costs**

No prior year findings and questioned costs were reported for the year ended June 30, 2021.

# REDESIGN SCHOOLS LOUISIANA

## EXIT CONFERENCE

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The financial statements and all related reports were discussed at a meeting held with management and the Board of **Redesign Schools Louisiana** noting agreement in all material respects.

Those who participated in the discussion are as follows:

### REDESIGN SCHOOLS LOUISIANA

Genevieve Pope	– Board President
A. McGaha	– Board Treasurer/Secretary
Justin Chatelain	– Member
Marie Mullen	– Member
Norah Gilliam	– Member
Pam Baldwin	– Member
Kathryn Rice	– Associate Superintendent
Angela Beck	– Superintendent
Ashley Eason	– Associate Superintendent

### BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, MBA, CGFM, CGMA -- Partner



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

## INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL

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To the Board of Directors  
**Redesign Schools Louisiana**

In planning and performing our audit of the financial statements of **Redesign Schools Louisiana (RSL)** as of and for the year ended June 30, 2021, we considered **RSL's** internal control over financial reporting as a basis for determining our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **RSL's** internal control. Accordingly, we do not express an opinion on the effectiveness of **RSL's** internal control.

However, during our audit, we became aware of other matters that provide an opportunity for **RSL** to strengthen its internal control and operating efficiency. Also, we reviewed the status of prior year's other matters noting their respective status. We previously reported on **RSL's** internal control in our report dated December 22, 2021. This letter does not affect our report dated December 22, 2021, on the financial statements of **RSL**.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL  
2021***

**Reference Number**

OM 2021-001

**Criteria**

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions to ensure the complete and accurate preparation of its financial statements.

**Condition**

The June 30, 2021, bank account reconciliations reviewed in conjunction with our audit revealed no documented evidence to support review and approval beyond that of the preparer.

**Cause**

Lack of an established practice to ensure documented evidence of review and approval of all reconciliations.

**Effect or Potential Effect**

Potential for incomplete and/or inaccurate accounting of financial transactions.

**Recommendation**

All reconciliations should be reviewed and approved on a monthly basis at a level beyond the preparer. Such review should be evidenced via the respective supervisory initialing and dating.

**Management's Response and Planned Corrective Action**

See RSL's response attached.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL  
2021***

**Reference Number**  
OM 2021-002

**Criteria**

Management of RSL is responsible for the establishment of effective policies and procedures to ensure the safeguarding of its assets.

**Condition**

At June 30, 2021, RSL has not adopted a formalized written deposit policy to address its funds concentration risk for deposits currently held by an institution on its behalf in excess of the FDIC insurance coverage amount of \$250,000. Total cash at risk at June 30, 2021 was \$703,077.

This condition is similar to prior year's other matters reference numbers OM 2019-001 and OM 2020-001.

**Cause**

Lack of an established deposit policy to address the risk of funds concentration.

**Effect or Potential Effect**

Risk associated with the concentration of funds in excess of FDIC insurance coverage.

**Recommendation**

Management should submit for board approval, a deposit policy that ensures the maintenance of continuous collateral beyond the FDIC coverage by its banker(s).

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number, Continued**  
OM 2021-002

**Management's Response and Planned Corrective Action**

See RSL's response attached.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number**

OM 2021-003

**Criteria**

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy and regulations.

**Condition**

Our review of RSL's internal control attributes over its revenue (collections) cycle revealed the following conditions:

- In one (1) instance of thirteen (13) cash transactions, we were unable to evidence the timely deposit of funds received (via mail) from a vendor; and
- Further, in two (2) of thirteen (13) cash transactions, RSL was unable to locate the supporting documentation for funds received (via mail) from an existing vendor.

**Cause**

The level of oversight afforded to staff to include the consistent application of established practice.

**Effect or Potential Effect**

Noncompliance with established board policy.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number, Continued**  
OM 2021-003

**Recommendation**

Management should revisit and enhance the level of oversight to ensure that all funds collected are deposited on a timely basis and all necessary supporting documents are attached for all refunds.

**Management's Response and Planned Corrective Action**

See RSL's response attached.



**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number**

OM 2021-004

**Criteria**

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy and regulations.

**Condition**

Our review of RSL's internal control processes over credit card and cash disbursement transactions revealed the following conditions:

- Unable to locate two (2) supporting documentations for credit card statement payments made.
- For four (4) of twenty-five (25) transactions, we were unable to review cost center allocation of shared costs. Management was unable to locate the "request for payment" or purchase order documentation to evidence distribution.
- In two (2) instances of twenty-five (25) transactions, management was unable to locate the associated copy of the checks to evidence the authorized signers.

**Cause**

The level of oversight afforded to staff to include the consistent application of established practice.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number, Continued**

OM 2021-004

**Effect or Potential Effect**

Noncompliance with established board policy to include the absence of a specific procedure for the review of all cash disbursement transactions.

**Recommendation**

Management should plan to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions executed are complete, reviewed, approved and accurately recorded in the general ledger.

Further, all supporting documents should be filed accordingly.

**Management's Response and Planned Corrective Action**

See RSL's response attached.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number**

OM 2021-005

**Criteria**

Management is responsible for the management of personnel resources to ensure compliance with board policy and regulatory requirements.

**Condition**

For a sample of twenty-five (25) teachers reviewed for compliance with attributes for payroll documents, processing, and reporting, we noted the following conditions:

- In one (1) instance, we were unable to agree the gross payroll to our recalculation using the executed contract(s) provided to us ; and
- For five (5) teachers, we noted where approved leave requests were not reflected on the payroll register.

**Cause**

Level of overall oversight in payroll processing to include adequate audit trail.

**Effect or Potential Effect**

Potential for noncompliance with board policy and regulation.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number, Continued**

OM 2021-005

**Recommendation**

Management should revisit with its current internal control over required training for personnel to ensure compliance. Further, employee files should include all required documentations.

**Management's Response and Planned Corrective Action**

See RSL's response attached.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number**

OM 2021-006

**Criteria**

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions to ensure the complete and accurate preparation of its financial statements.

**Condition**

Our review of a sample of twelve (12) executed journal entries revealed the following:

- In one (1) of twelve (12) instances, the supporting documentation provided in the form of an invoice was incorrect and did not agree to the posted journal entry. However, the approved check request provided agreed to the posted journal entry; and
- In all of twelve (12) instances, there were no documented evidence of review or approval beyond the level of the preparer.

This condition is similar to prior year's other matters reference numbers OM 2019-002 and 2020-006.

**Cause**

Noncompliance with policy to ensure oversight as evidenced by documented review to include the attachment of the appropriate supporting documentation.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number, Continued**

OM 2021-006

**Effect or Potential Effect**

Potential for incomplete and/or inaccurate accounting for all financial transactions.

**Recommendation**

All journal entries should be supported by the appropriate documents to include evidence of approval beyond the level of the preparer.

**Management's Response and Planned Corrective Action**

See RSL's response attached.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number**

OM 2021-007

**Criteria**

Management of RSL is responsible for the establishment of effective policies and procedures to ensure the safeguarding of its assets.

**Condition**

RSL has no formal written plan in place to require the offsite storage of all pertinent academic, accounting and other data to include disaster recovery plan for all service provider systems.

**Cause**

Lack of a formalized disaster recovery plan.

**Effect or Potential Effect**

Potential for loss of data and/or ability to operate during a disaster.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number, Continued**

OM 2021-007

**Recommendation**

We recommend that management address the need for a disaster recovery plan. Areas that should be address in a disaster recovery plan include the following:

- Definition of threats and risk (including likely effects on RSL).
- Operating security.
- Processing priorities.
- Disaster recovery planning (as appropriate).
- Insurance coverage available or desirable.

**Management's Response and Planned Corrective Action**

See RSL's response attached.



**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number**

OM 2021-008

**Criteria**

Management must establish internal control objectives to provide reasonable assurance regarding the achievement of operations, reliability of financial reporting and compliance with applicable contracts, laws and regulations.

**Condition**

Currently, **RSL** does not have a formally adopted cost allocation policy.

**Context**

Total expenses for the year ended June 30, 2021 were \$8,782,430.

**Cause**

Lack of an established procedure to ensure the periodic review and development of required policy.

**Effect or Potential Effect**

The potential for mis-allocation of cost center cost.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number, Continued**

OM 2021-008

**Recommendation**

Management should develop for board adoption, a formal cost allocation policy.

**Management's Response and Planned Corrective Action**

See RSL's response attached.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number**

OM 2021-009

**Criteria**

Management is responsible for compliance with the documentation to support student classification under the category of homeless to ensure provision of all required services under Title I.

**Condition**

The documents provided by RSL for our sample of thirteen (13) students benefitting from homeless services under its Title I program, were inadequate for an independent conclusion of the eligibility criteria as homeless students for two (2) students sampled.

**Cause**

Incomplete documentation on file to support services provided.

**Effect or Potential Effect**

Potential for noncompliance with the requirements of 34 CFR.

**Recommendation**

Management should revisit with its current documentation practice in the eligibility determination and service delivery to all homeless students.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number, Continued**

OM 2021-009

**Management's Response and Planned Corrective Action**

See RSL's response attached.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number**

OM 2021-010

**Criteria**

Management is responsible for attainment of the level of effort as dictated in the federal award agreement.

**Condition**

Currently, **RSL** does not have a procedure in place to ensure compliance with the maintenance of the level of effort as dictated by ESSA Public Law 114-95, Sections 1118(a), 8521(b), and 8521(c) guidelines.

**Cause**

No established process to ensure monitoring of expenses based on established benchmarks for compliance with the level of effort requirement.

**Effect or Potential Effect**

Potential for noncompliance with grant award agreement regarding level of effort.

**Recommendation**

Management should incorporate within its budget to actual review process, a procedure to ensure the continuous compliance with the 90% of the "Required Expenditure" and/or "Required Per Pupil Amount".

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***CURRENT YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2021***

**Reference Number, Continued**

OM 2021-010

**Management's Response and Planned Corrective Action**

See RSL's response attached.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL  
2020***

**Reference Number**

OM 2020-001

**Criteria**

Management of RSL is responsible for the establishment of effective policies and procedures to ensure the safeguarding of its assets.

**Condition**

At June 30, 2020, RSL does not have a formalized written deposit policy to address its funds concentration risk for deposits held by an institution on its behalf in excess of the FDIC insurance coverage amount of \$250,000. Total cash at risk at June 30, 2020 was \$425,660.

**Cause**

Lack of an established deposit policy to address the risk of funds concentration.

**Effect or Potential Effect**

Risk associated with the concentration of funds in excess of FDIC insurance coverage.

**Recommendation**

Management should develop for board approval, a deposit policy that ensures the maintenance of continuous collateral beyond the FDIC coverage by its banker(s).

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number, Continued**  
OM 2020-001

**Current Status**

See RSL's response attached.



**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number**

OM 2020-002

**Criteria**

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions to ensure the complete and accurate preparation of its financial statements.

**Condition**

Noted no documented evidence of the preparer to include, review and approval at a supervisory level of the June 2020 bank account reconciliations.

This condition is similar to a prior year's other matters referenced number OM 2019-004.

**Cause**

Lack of an established practice to ensure oversight in the timely completion and evidence of review of all bank account reconciliations.

**Effect or Potential Effect**

Potential for incomplete and/or inaccurate accounting of financial transactions.

**Recommendation**

All bank account reconciliations should be timely reconciled and evidenced by documented review and approval by management.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number, Continued**  
OM 2020-002

**Current Status**

Unresolved. See current year's other matter report reference number OM 2021-001.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number**

OM 2020-003

**Criteria**

Management of **RSL** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy and regulations.

**Condition**

Our review of **RSL's** internal control processes over credit card and cash disbursement transactions revealed the following conditions:

- No supporting documentation provided for seven (7) of sixty-five (65) credit card transactions tested; therefore we were unable to determine if these transactions were: eligible and allowable under terms of Federal cost principles and/or Board policy, correctness of general ledger account distribution, recorded in agreement with appropriate supporting documentation, mathematical verification of invoices, and documented evidence of business purpose;
- Two (2) of sixty-five (65) transactions were recorded to the incorrect general ledger accounts;
- Thirteen (13) of the sixty-five (65) transactions could not be located in the general ledger. Further, five (5) items did not have the approved travel report pursuant to Board policy; for one (1) item, the receipt was not visible and two (2) items did not have a receipt, only a quote from the vendor; and

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number, Continued**

OM 2020-003

**Condition, Continued**

- For ten (10) of sixty-five (65) transactions, only the receipt or invoice was provided; therefore we were unable to determine if these transactions were: eligible and allowable under terms of Federal cost principles or Board policy, correctness of general ledger account distribution, recorded in agreement with appropriate supporting documentation, or documentation of business purpose due to the approval purchase order not being provided.
- In one (1) instance of twenty-five (25) transactions, the coding to the general ledger account did not align with the account description on the approved check request.
- We were unable to secure complete supporting documentation for an invoice from our sample of twenty-five (25) transactions.
- In six (6) of sixty-five (65) transactions, we noted no documented evidence of the business purpose based on our review of the respective purchase order.

**Cause**

The level of oversight afforded to staff to include the consistent application of established practice.

**Effect or Potential Effect**

Noncompliance with established board policy to include the absence of a specific procedure for the review of all credit card and cash disbursements transactions.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number, Continued**

OM 2020-003

**Recommendation**

Management should to revisit and enhance the level of oversight with its monthly general ledger processing system, plan and require that all monthly transactions are complete, reviewed, approved and accurately recorded in the general ledger.

**Current Status**

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number**

OM 2020-004

**Criteria**

Management of **RSL** is responsible for the establishment of effective and efficient processes and procedures for all financial transactions to ensure the complete and accurate preparation of its financial statements.

**Condition**

Our review of a sample of twelve (12) executed journal entries revealed the following:

- In two (2) of twelve (12) instances management was unable to provide supporting documentation to support the posted journal entries;
- In one (1) of twelve (12) instance, **RSL** provided "MFP" schedule for the entry, however, we were unable to tie the entry amount to the schedule. Further, in an instance, the **RSL** was unable to provide supporting documentation for \$1,858.37 included in a paid invoice totaling \$66,827.51; and
- In seven (7) of twelve (12) instances, there were no evidence of review or approval beyond the level the preparer.

This condition is similar to prior year's other matters reference number OM 2019-002.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number, Continued**

OM 2020-004

**Cause**

Noncompliance with policy to ensure oversight as evidenced by documented review to include the attachment of the appropriate supporting documentation.

**Effect or Potential Effect**

Potential for incomplete and/or inaccurate accounting for all financial transactions.

**Recommendation**

All journal entries should be supported by the appropriated documents to include evidence of approval beyond the level of the preparer.

**Current Status**

Unresolved. See current year's other matter reference number OM 2021-006.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number**

OM 2020-005

**Criteria**

Management of RSL is responsible for the establishment of effective and efficient processes and procedures for all financial transactions or economic events to ensure the complete and accurate preparation of its financial statements pursuant to board policy and regulations.

**Condition**

Our review of RSL's internal control attributes over its revenue (collections) cycle revealed the following conditions:

- In one (1) instance of ten (10) cash transactions, we were unable to evidence the timely deposit of funds received; and
- Further, we noted the absence of a prepared collection receipt log, evidence of restrictive endorsement, and no validated deposit slip for collections in seven (7) of ten (10) receipts reviewed.



**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number, Continued**

OM 2020-005

**Cause**

The level of oversight afforded to staff to include the consistent application of established practice.

**Effect or Potential Effect**

Noncompliance with established board policy.

**Recommendation**

Management should revisit and enhance the level of oversight with its monthly general ledger processing system, plan and review that all monthly transactions are reviewed, approved and accurately recorded in the general ledger. Funds collected should be logged in by an individual without custodial and recordation responsibilities, restrictively endorsed for timely deposit.

**Current Status**

Unresolved. See current year's other matter reference number OM 2021-003.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number**

OM 2020-006

**Criteria**

Management is responsible for the timely payment of invoices pursuant to Board policy.

**Condition**

Our review of the aging vendor payable schedule as of June 30, 2020, revealed an overall over due percentage of 46.33% with 35.84% over thirty-one (31) days.

It is our understanding through discussion with management that the level of over due percentage is due to a combination of cashflow and processing issues.

**Cause**

Cashflow and processing issues.

**Effect or Potential Effect**

Business risk associated with untimely payment of vendors.

**Recommendation**

Management should review of its current cashflow situation to include strategies toward an enhancement of RSL's liquidity.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**

---

**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number, Continued**

OM 2020-006

**Current Status**

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number**

OM 2020-007

**Criteria**

Management is responsible for the management of personnel resources to ensure compliance with board policy and regulatory requirements.

**Condition**

- For a sample of twenty-five (25) teachers reviewed for compliance with attributes for payroll documents, processing, and reporting, we noted in an instance no documented evidence of the required annual ethics training as dictated by State statute on file.

This condition is similar to a prior year's other matters reference number OM 2019-003.

**Cause**

Level of overall oversight in payroll processing to include adequate audit trail.

**Effect or Potential Effect**

Potential for noncompliance with board policy and regulation.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number, Continued**

OM 2020-007

**Recommendation**

Management should revisit with its current internal control over required training for personnel to ensure compliance. Further, employee files should include all required documentations.

**Current Status**

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number**

OM 2020-008

**Criteria**

The Board and management are charged with the maintenance of budgetary control of the finances of RSL.

**Condition**

RSL continues to experience operating losses resulting from the varying levels of program funding. For the three (3) years ended June 30, 2020, operating losses were \$1,412,332 (2020) \$1,193,433 (2019) and \$1,402,156 (2018).

This condition is similar to prior year's other matters reference number OM 2017-001.

**Context**

Total operating revenues and expenses for the year ended June 30, 2020 were \$11,294,959 and \$13,069,077, respectively.

**Cause**

Changes in program funding and from State and Federal awards.

**Effect or Potential Effect**

Continuing negative impact on net assets from the recurring operating losses.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

---

**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number, Continued**

OM 2020-008

**Recommendation**

We recommend that management re-evaluate and implement cost containment measures aimed at reversing the trend. Further, management should explore avenues for revenue enhancement.

**Current Status**

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number**

OM 2020-009

**Criteria**

Management is responsible for attainment of the level of effort as dictated in the federal award agreement.

**Condition**

Our review of the annual "MOE" verification in the eGrant Management System for Lanier Elementary School revealed using total expenses as the baseline "lookback" (2017-18 fiscal year), noncompliance with the expense level of effort requirement. However, using the MFP student membership count as the baseline "lookback" (October 1, 2016 and October 1, 2017) RSL met the effort per pupil criteria for compliance.

**Questioned Costs**

None.

**Cause**

No established process to ensure monitoring of expenses based on established benchmarks for compliance with the level of effort requirement.

**Effect or Potential Effect**

Potential for noncompliance with grant award agreement regarding level of effort.



**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

***PRIOR YEARS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL, CONTINUED  
2020***

**Reference Number, Continued**

OM 2020-009

**Recommendation**

Management should incorporate within its budget to actual review process, a procedure to ensure the continuous compliance with the 90% goal attainment.

**Current Status**

Unresolved. See current year's other matter reference number OM 2021-010.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS  
RELATED TO INTERNAL CONTROL**  

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**(CONTINUED)**

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RSL's response to the current and status of prior year's other matters reported are described in this report under the caption "Management's Response and Planned Corrective Action" or "Current Status". We did not audit RSL's response and accordingly, we express no opinion on it.

This report is intended solely for the information of the Board of Directors, management of RSL, BESE, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 22, 2021

**REDESIGN SCHOOLS LOUISIANA**  
**INDEPENDENT ACCOUNTANTS' REPORT**  
**ON**  
**APPLYING AGREED-UPON PROCEDURES**  
**ON**  
**PERFORMANCE AND STATISTICAL DATA**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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

To the Board of Directors  
**Redesign Schools Louisiana**  
New Orleans, Louisiana

We have performed the procedures enumerated below as required by State of Louisiana R.S. 24:514 and listed in the Louisiana Governmental Audit Guide accompanying the annual financial statements of **Redesign Schools Louisiana (RSL)** as of and for the year ended June 30, 2021.

The procedures were agreed to by management of **Redesign Schools Louisiana** the Louisiana Department of Education, and the Legislative Auditor for the State of Louisiana, solely to assist users in evaluating management's assertions about the accompanying performance and statistical data and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin in compliance with Louisiana Revised Statute 24:514. **RSL's** management is responsible for the completeness of the performance and statistical data.

This agreed-upon engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable Standards of *Government Auditing Standards* issued by the Comptroller General of the United States of America. The sufficiency of these procedures is solely the responsibility of the specified users of the report.

Consequently, we make no representation regarding the sufficiency of the following procedures described either for the purpose for which this report has been requested or for any other purpose.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

The procedures performed, our findings and management's response as applicable related to the accompanying schedules (Schedules 1 and 2), are summarized as follows:

**General Fund Instructional and Support Expenditures  
(SCHEDULE 1)**

1. Procedure

We selected a random sample of twenty-five (25) transactions and reviewed supporting documentation to determine if the sampled expenditures are classified correctly and reported in the proper amounts for each of the following amounts reported on the Schedule:

- o Total General Fund Instructional Expenditures; and
- o Total General Fund Equipment Expenditures.

Finding

The results of the procedures performed on the selected instructional and support expenses revealed that the twenty-five (25) sampled transactions were correctly classified and reported.

**Class Size Characteristics (SCHEDULE 2)**

2. Procedure

We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a random sample of ten (10) classes to the October 2, 2020 roll books for those classes and determined if the classes were properly classified on the schedule.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

**Class Size Characteristics (SCHEDULE 2), Continued**

**Finding**

For the ten (10) classes selected for proper classified on Schedule 2, we noted, for each class for eight (8) courses, a cumulative variance of 184 for student count between the "SISR" report and the respective grade books.

Also, we noted in seven (7) classes where the student counts for each class were duplicated on the "SISR" report creating a variance between the Schedule 2 and the 'SISR" report.

Further, we noted a cumulative variance between the regular and activity classification between Schedule 2 and the SISR report of sixty-four (64) and seventy-one ((71), respectively.

**Management's Response**

See RSL's response attached.

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

3. **Procedure**

We obtained the October 2, 2020 Profile of Educational Personnel (PEP) data submitted to the Department of Education including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of twenty-five (25) individuals, traced to each individual's personnel file, and observed that each individual's education level and experience were properly classified in the PEP data.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

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

**Finding**

In three (3) instances, we noted variances in the teacher's educational level as reflected on the respective teacher's transcript versus the October 2, 2020 PEP report.

Further, for six (6) teachers, we noted variances in the experience level as contained in the respective teacher's personnel file versus the PEP report.

Finally, in one (1) instance, the teacher was not listed in the October 2, 2020 PEP report submitted to the Department of Education.

**Management's Response**

See RSL's response attached.

**Public School Staff Data: Average Salaries (No Schedule)**

4. **Procedure**

We obtained the June 30, 2021 PEP data submitted to the Department of Education 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 twenty-five (25) individuals, traced to each individual's personnel file, and observed that each individual's salary, extra compensation, and full-time equivalents were properly included in the PEP data.



**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

***Public School Staff Data: Average Salaries (No Schedule), Continued***

**Finding**

Based on our overall review of the June 30, 2021 PEP report, we noted in eleven (11) instances where the cumulative base and extra compensation as reflected on the payroll register did not align with the payroll as reported on the June 30, 2021 PEP report.

**Management's Response**

See RSL's response attached.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON  
APPLYING AGREED-UPON PROCEDURES  
(CONTINUED)**

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We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

RSL's response to the findings in our agreed-upon procedures is described in this report under the caption "Management's Response". We did not perform any procedures on RSL's response and, accordingly, we express no opinion on it.

This report is intended solely for the use of management, Board of Directors, the Louisiana Department of Education, BESE, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditors as a public document.

*Bruno & Tervalon LLP*

**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**  
New Orleans, Louisiana

December 22, 2021

**SCHEDULES REQUIRED BY STATE LAW  
(R.S. 24:514 - PERFORMANCE AND STATISTICAL DATA)**

**SCHEDULE I**

**REDESIGN SCHOOLS LOUISIANA  
GENERAL FUND INSTRUCTIONAL AND SUPPORT EXPENDITURES  
AND CERTAIN LOCAL REVENUE SOURCES  
FOR THE YEAR ENDED JUNE 30, 2021**

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**General Fund Instructional Equipment Expenditures**

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom teacher salaries	\$1,655,577
Other instructional staff activities	373,786
Instructional staff employee benefits	443,853
Purchased professional and technical services	47,558
Instructional materials and supplies	63,353
Instructional equipment	<u>51,047</u>

Total teacher and student Interaction  
Activities 2,635,174

Other instructional activities -0-

Pupil Support Activities:

Less: Equipment for pupil support activities	199,992
Net pupil support activities	<u>-0-</u>

199,992

Instructional Staff Services:

Less: Equipment for instructional staff services	86,534
Net instructional staff services	<u>-0-</u>

86,534

School Administration:

Less: Equipment for school administration	1,300,027
Net school administration	<u>-0-</u>

1,300,027

Total General Fund Instructional  
Expenditures (total of Column B) 4,221,727

Total General Fund Equipment  
Expenditures (Object 730; Function  
Series 1000-4000) \$ -0-

See Accompanying Independent Accountants' Report on Applying Agreed-Upon Procedures.

REDESIGN SCHOOLS LOUISIANA  
 Class Size Characteristics  
 As of October 2, 2020

Lanier Elementary, Dalton Elementary,  
 & Glen Oaks Middle Charter School

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	46.6%	81	53.4%	93				
Elementary Activity Classes	43.2%	19	56.8%	25				
Middle/Jr. High			55.6%	35	44.4%	28		
Middle/Jr. High Activity Classes			55.6%	10	44.4%	8		
High								
High Activity Classes								
Combination	34.2%	81	54.0%	128	11.8%	28		
Combination Activity Classes	30.6%	19	56.5%	35	12.9%	8		

See Accompany Independent Accountants' Report on Applying Agreed-Upon Procedures.