



**WARREN EASTON CHARTER HIGH SCHOOL
FOUNDATION, INC. and AFFILIATE**

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2023



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REPORT





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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Warren Easton Charter High School Foundation, Inc. and Affiliate
New Orleans, Louisiana

Opinion

We have audited the accompanying consolidated financial statements of Warren Easton Charter High School Foundation, Inc. and Affiliate (the Organizations) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organizations as of June 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the

Organizations' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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

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

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

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

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2024, on our consideration of the Organizations' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organizations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control over financial reporting and compliance.

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

Metairie, Louisiana
September 27, 2024



FINANCIAL STATEMENTS



Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statement of Financial Position

June 30, 2023

Assets

Current assets	
Cash and cash equivalents	\$ 659,996
Restricted cash	162,205
Grant receivables	3,413,584
Other receivables	58,935
Inventory	5,017
Prepaid expenses	25,322
Total current assets	4,325,059
Rent reserve	4,161,954
Operating lease right-of-use assets, net	65,383
Finance lease right-of-use assets, net	13,355,353
Property and equipment, net	691,752
Total assets	\$ 22,599,501

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 744,716
Accrued expenses	230,925
Deferred revenues	14,756
Current portion of operating lease liabilities	15,609
Current portion of finance lease liabilities	363,377
Total current liabilities	1,369,383
Long-term liabilities	
Operating lease liabilities, less current portion	49,774
Finance lease liabilities, less current portion	13,340,259
Total long-term liabilities	13,390,033
Total liabilities	14,759,416
Net assets	
Without donor restrictions	7,521,955
With donor restrictions	318,130
Total net assets	7,840,085
Total liabilities and net assets	\$ 22,599,501

See accompanying notes are an integral part of these consolidated financial statements.

Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statement of Activities

<i>For the year ended June 30,</i>	Without Donor Restrictions	With Donor Restrictions	2023 Total
Revenue and Other Support			
Contributions	\$ 955,213	\$ 155,827	\$ 1,111,040
Grants			
Federal	3,691,838	-	3,691,838
State	74,999	-	74,999
Local Minimum Foundation Program	8,064,082	-	8,064,082
State Minimum Foundation Program	5,230,336	-	5,230,336
Student activity fees	-	840,709	840,709
Interest income	136,604	-	136,604
Other revenues	389,205	-	389,205
Net assets released from restrictions	1,091,459	(1,091,459)	-
Total revenue and other support	19,633,736	(94,923)	19,538,813
Expenses			
Instructional	15,522,889	-	15,522,889
Management and general	4,202,884	-	4,202,884
Fundraising	123,878	-	123,878
Total expenses	19,849,651	-	19,849,651
Change in Net Assets	(215,915)	(94,923)	(310,838)
Net assets at beginning of year	7,737,870	413,053	8,150,923
Net assets at end of year	\$ 7,521,955	\$ 318,130	\$ 7,840,085

See accompanying notes are an integral part of these consolidated financial statements.

Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statement of Functional Expenses

<i>For the year ended June 30,</i>	Instructional	Management & General	Fund- Raising	2023 Totals
Salaries	\$ 6,694,612	\$ 743,846	\$ -	\$ 7,438,458
Employee benefits	2,466,852	274,094	-	2,740,947
Depreciation and amortization	-	747,634	-	747,634
Equipment rental	-	27,153	-	27,153
Food services	500,371	55,597	-	555,968
Insurance	-	454,577	-	454,577
Other expenses	64,942	984,952	32,471	1,082,365
Other services	-	464,894	-	464,894
Professional services	206,453	206,452	-	412,905
Repairs and maintenance	657,532	34,607	-	692,139
Shared services	195,013	21,668	-	216,681
Student activity	936,514	-	-	936,514
Supplies:				
Instructional	53,792	4,782	1,195	59,769
Other	868,449	19,299	77,195	964,943
Transportation	2,258,072	-	-	2,258,072
Travel	67,054	78,716	-	145,770
Utilities	553,233	84,612	13,017	650,862
Total	\$ 15,522,889	\$ 4,202,883	\$ 123,878	\$ 19,849,651

See accompanying notes are an integral part of these consolidated financial statements.

Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidated Statements of Cash Flows

For the years ended June 30,

2023

Operating Activities

Change in net assets	\$ (310,838)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	93,554
Amortization of right-of-use assets	654,080
Changes in operating assets and liabilities:	
Grant receivables	(1,575,702)
Other receivables	42,346
Prepaid expenses	3,691
Accounts payable	360,865
Accrued expenses	(29,168)
Deferred revenues	(3,407)
Operating lease liabilities	(15,346)

Net cash provided by (used in) operating activities (779,925)

Investing Activities

Purchases of equipment (157,590)

Net cash provided by (used in) investing activities (157,590)

Financing Activities

Principal payments on financing lease liabilities (290,451)

Net cash provided by (used in) investing activities (290,451)

Net change in cash, cash equivalents, and restricted cash (1,227,966)

Cash, cash equivalents, and restricted cash at beginning of year 6,212,121

Cash, cash equivalents, and restricted cash at end of year \$ 4,984,155

Reconciliation to Statements of Financial Position

Cash and cash equivalents	\$ 659,996
Restricted cash	4,324,159

Cash, cash equivalents, and restricted cash at end of year \$ 4,984,155

Schedule of NonCash Investing and Financing Transactions

Lease liabilities arising from obtaining right-of-use assets:	
Operating leases	\$ 80,729
Financing leases	\$ 13,994,087

See accompanying notes are an integral part of these consolidated financial statements.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATIONS

Warren Easton Charter High School Foundation, Inc. d/b/a Warren Easton Charter High School (the School), incorporated on March 21, 2006, is an educational institution organized to improve student learning, increase learning opportunities for all students, encourage the use of innovative teaching methods and a variety of governance, management, and administrative structures, be more thoroughly accountable for educational results, and create new professional opportunities for teachers and other employees.

Friends of Warren Easton (Friends), incorporated on August 25, 2015, is a non-profit organization created and operated for the benefit of Warren Easton Charter High School Foundation, Inc.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Consolidation

The consolidated financial statements include accounts of Warren Easton Charter High School Foundation, Inc. and Friends of Warren Easton, collectively referred to as the Organizations. All material intercompany account balances and transactions have been eliminated.

Use of Estimates

The preparation of U.S. GAAP consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant changes in the near term are related to allocation of expenses by function, lease discount rates, and the useful lives of property and equipment.

Program Services

The Organizations' program services consist of the following:

Instructional – The Organizations provide educational services to students in the greater New Orleans areas for grades 9-12.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Restricted Cash

Amounts included in restricted cash represent those required to be set aside by state law for the use of student activities.

Grant and Other Receivables

Grant and other receivables represent amounts owed to the Organizations which are expected to be collected within twelve months and are presented in the statements of financial position net of the allowance for credit losses.

Allowance for Credit Losses

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. The allowance for credit losses was zero at June 30, 2023.

Inventory

Inventory consisted of items that are sold at the School's store, The Eagles' Nest. Items sold at the store include sweaters, T-shirts, socks, school supplies, etc. Inventory is stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the consolidated statements of activities in the period in which it occurs.

Rent Reserve

Rent reserve consists of amounts reserved for the payment of rent on 3030 Canal Street in accordance with the rental agreement.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Impairment of Long-Lived Assets

The Organizations review long-lived assets, consisting of equipment, for impairment and determine whether an event or change in facts and circumstances indicates that their carrying amount may not be recoverable. The Organizations determine recoverability of assets by comparing the carrying value of the asset to the net future undiscounted cash flows that the asset is expected to generate. The impairment recognized is the amount by which the carrying amount exceeds the fair market value of the asset. There were no asset impairments recorded during 2023.

Leases

The Organizations lease printers and classroom/office space. The Organizations determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities in the consolidated statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organizations use a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organizations will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Net Assets

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

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

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

Revenue Recognition

A significant portion of the Organizations' grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Revenue from fundraising is recognized as revenue when performance obligations under the terms of the contracts are satisfied. Revenue received in advance is deferred and recognized over the periods to which the dates and fees relate. These amounts are included in performance obligation liabilities within the consolidated statement of financial position when present. There was no fundraising income received during the year ended June 30, 2023.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Deferred revenue consists of a grant award received in advance that relates to services to be rendered in a future period and is deferred and recognized as revenue in the period earned.

Donated Assets

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation. There were no donated assets for the years ended June 30, 2023.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organizations. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the consolidated financial statements since the recognition criteria were not met. There were no donated services that met the criteria for recognition for the years ended June 30, 2023.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. The majority of expenses are allocated based on actual time and effort. However, insurance, repairs and maintenance, utilities, and depreciation require allocation based on the square footage of the building.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organizations are exempt from taxes on income other than unrelated business income. Unrelated business income results from rent, administration of self-insurance activities, and commissions. There was no unrelated trade or business income for the year ended June 30, 2023.

The Organizations utilize the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the consolidated financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023, the Organizations have no uncertain tax provisions that qualify for recognition or disclosure in the consolidated financial statements.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Management has evaluated subsequent events through the date that the consolidated financial statements were available to be issued, September 27, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these consolidated financial statements.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organizations adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available.

The Organizations elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organizations recognized on July 1, 2022, beginning of the year of adoption, a lease liability at the carrying amount of the capital lease obligations on June 30, 2022, of \$13,994,087 and a right-of-use asset at the carrying amount of the capital lease asset of \$13,994,087. The Organization also recognized on July 1, 2022, beginning of the year of adoption, a lease liability of \$80,729, which represents the present value of the remaining operating lease payments of \$86,902, discounted using our incremental borrowing rate of 3.04%, and a right-of-use asset of \$80,729.

The standard had a material impact on the Organizations' consolidated statement of financial position, but did not have an impact on the consolidated statement of activities, nor consolidated statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases, while the accounting for finance leases remained substantially unchanged.

Warren Easton Charter High School Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements

Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organizations maintain their financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organizations' expenditures come due. The following reflects the Organizations' financial assets as of the consolidated statement of financial position dates, reduced by amounts not available for general use within one year of the consolidated statement of financial position dates because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2023
Total assets at year end	\$ 22,599,501
Less non-financial assets	
Inventory	(5,017)
Prepaid expenses and other assets	(25,322)
Operating lease right-of-use assets	(65,383)
Financing lease right-of-use assets	(13,355,353)
Property and equipment, net	(691,752)
<hr/>	
Financial assets at year-end	8,456,674
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	
Restricted by donor with time or other purpose restrictions	(318,130)
Restricted for rent reserve	(4,161,954)
Board designation - emergency fund	(660,000)
<hr/>	
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,316,590

The Organizations are principally supported by government grants. The goal of the Organizations are to maintain available financial assets to meet its next 30 days of operating expenses. As part of its liquidity management, the Organizations maintain cash accounts at a local bank, which pays interest on the balances maintained.

Warren Easton Charter High School Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements

Note 4: GRANT AND OTHER RECEIVABLES

Grant receivables were comprised of the following amounts as of June 30, 2023:

Louisiana Department of Education		
Title I	\$	344,689
Title II		54,988
Title III		1,242
Title IV		9,205
Direct Student Services		4,419
IDEA B		341,281
Carl Perkins		32,657
Child Nutrition Program		137,300
ESSER I		912
ESSER II		577,891
ESSER III		1,836,674
McKinney-Vento Homeless		2,439
Pre-Educator		69,887
<hr/>		
Total grants receivable	\$	3,413,584

Other receivables of \$58,935 as of June 30, 2023 consisted of donations from various donors. There was no bad debt expense for the year ended June 30, 2023.

Note 5: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	Estimated Useful Lives (in years)	2023
Leasehold improvements	7-10	\$ 1,101,438
Equipment	3-6	1,705,140
<hr/>		
Total		2,806,578
Accumulated depreciation		(2,114,826)
<hr/>		
Total property and equipment, net		\$ 691,752

Depreciation expense for the year ended June 30, 2023 totaled \$93,554.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 6: LEASES

The Organizations have operating and finance leases for classroom/office space and printers. The leases have remaining lease terms of 4 to 19 years, some of which may include options to extend the leases for up to 15 years. As of June 30, 2023, assets recorded under finance leases were \$13,994,087, and accumulated depreciation associated with finance leases was \$638,734.

Operating lease costs for the year ended June 30, 2023 consists of \$15,346. As of June 30, 2023, the weighted average remaining lease terms is 5 years and the weighted average discount rate is 3.04%.

Finance lease costs for the year ended June 30, 2023 consists of:

Amortization of right-of-use asset	\$ 638,734
Interest on lease liabilities	388,307
<hr/>	
Total finance lease cost	\$ 1,027,041

As of June 30, 2023, the weighted average remaining lease terms is 20 years and the weighted average discount rate is 3.44%.

Future minimum lease payments under non-cancellable leases as of June 30, 2023, were as follows:

<i>For the years ending June 30,</i>	Operating Leases	Finance Leases
2024	\$ 17,380	\$ 829,159
2025	17,380	845,742
2026	17,380	862,656
2027	17,380	879,910
2028	-	897,508
Thereafter	-	14,807,194
<hr/>		
Total future minimum lease payments	69,520	19,122,169
Less imputed interest	(4,137)	(5,418,533)
<hr/>		
Present value of lease liabilities	\$ 65,383	\$ 13,703,636

Warren Easton Charter High School Foundation, Inc. and Affiliate
Notes to Consolidated Financial Statements

Note 7: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	2023
Undesignated	\$ 2,700,001
Board designated	
Rent reserve	4,161,954
Capital purchases	660,000
<hr/>	
Total net assets without donor restrictions	\$ 7,521,955

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2023
Student activities funds	\$ 162,205
Friends scholarships and other	56,031
Wellness	59,274
Alumni	24,649
Academic enhancements	15,971
<hr/>	
Total net assets with donor restrictions	\$ 318,130

A summary of the release of donor restrictions consists of the following:

<i>June 30,</i>	2023
Purpose restrictions	
Student activities fund	\$ 936,514
Alumni	14,811
Wellness	21,149
PRIMA	20,000
Academic enhancements	98,985
<hr/>	
Total net assets released from restrictions	\$ 1,091,459

Note 8: CONCENTRATIONS

The Organizations maintain cash deposits in several accounts at one financial institution. These accounts, except for the sweep accounts, are insured by the Federal Deposit Insurance Commission (FDIC) up to \$250,000. At June 30, 2023, the Organizations had cash balances in excess of the FDIC insured limit totaling \$5,507,508.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 8: CONCENTRATIONS (Continued)

For the year ended June 30, 2023, the Organizations received approximately 27% of its total revenue from State public school funds, and approximately 41% of its total revenue from Local public school funds. As of June 30, 2023, the Organizations had 100% of its grant receivables from federal sources passed through state and local sources.

Note 9: COMMITMENTS

The Organizations have employment contracts with most of its employees. The contracts for the current year expired June 30, 2023. All contracts provided for a minimum annual salary and other benefits.

Note 10: RETIREMENT PLAN

Substantially all employees of the School participate in the Teachers' Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. TRSL provides retirement benefits as well as disability and survivor benefits to eligible participants. TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P.O. Box 94123, Baton Rouge, LA 70804-9123.

Participants vest immediately in employee contributions to TRSL. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute 8% of the annual covered payroll to TRSL. For the year ended June 30, 2023, the School was required to contribute 24.8% of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee.

For the year ended June 30, 2023, the School's contributions to TRSL totaled \$1,958,349 and is included in employee benefits on the consolidated statement of functional expenses.

Note 11: RELATED PARTY TRANSACTIONS

The Louisiana Legislature approved a 2% administrative fee to be paid by all charter schools to NOLA Public Schools. For the year ended June 30, 2023, the School paid \$238,378 in administrative fees.

Warren Easton Charter High School Foundation, Inc. and Affiliate Notes to Consolidated Financial Statements

Note 11: RELATED PARTY TRANSACTIONS (Continued)

NOLA Public Schools charges the School for the property and flood insurance costs, as further described in Note 12. For the year ended June 30, 2023, the School paid property & flood insurance costs to NOLA Public Schools of \$216,681.

Note 12: SCHOOL OPERATION/LEASEHOLD INTEREST

On July 1, 2011, the School's operating agreement renewal with NOLA Public Schools went into effect. This allows the School to use the facilities and contents located at 3019 Canal Street, New Orleans, LA 70119, or any other locations that may be approved by the School and NOLA Public Schools. This agreement expired on June 30, 2017. The agreement was renewed in June 2017 through June 30, 2026.

For the year ended June 30, 2023, the School paid annual usage fees (shared services including insurance costs) to NOLA Public Schools of \$216,681. NOLA Public Schools can increase this fee prior to the next fiscal year based on the actual cost of flood and property insurance they are able to obtain.

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

The School also has the rights to use land, building and equipment that are owned by NOLA Public Schools for no fee. Use of the land, building and equipment is not recorded as an in-kind contribution from as the value of the use of the land, building and equipment is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

Note 13: RISK MANAGEMENT

The Organizations are exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the years ended June 30, 2023.



SUPPLEMENTARY INFORMATION



**Warren Easton Charter High School Foundation, Inc. and Affiliate
Schedule of Compensation, Benefits and Other Payments to Agency Head**

For the Year Ended June 30,

2023

Agency Head Name: Mervin Jackson, Principal

Purpose	Amount
Salary	\$ 175,500
Benefits - insurance	6,198
Benefits - retirement	43,524
Benefits - life insurance	40
Benefits - short & long term disability	429
Benefits - Fica and Medicare	25,876
Cell phone	946
Dues	9,000
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Total	\$ 261,513



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

To the Board of Directors of
Warren Easton Charter High School Foundation, Inc. and Affiliate
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Warren Easton Charter High School Foundation, Inc. and Affiliate (the Organizations) (nonprofit organizations), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organizations' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organizations' consolidated 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 consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-003.

The Organizations' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organizations' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organizations' response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

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

Metairie, Louisiana
September 27, 2024



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

Board of Directors
Warren Easton Charter High School
Foundation Inc and Affiliate
New Orleans, Louisiana

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited Warren Easton Charter High School Foundation, Inc. and Affiliate (the Organizations) (nonprofit organizations) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organizations’ major federal program for the year ended June 30, 2023. The Organizations’ major federal program is identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the Organizations and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our

opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organizations' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-004 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Organizations' response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organizations' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Metairie, Louisiana
September 27, 2024

Warren Easton Charter High School Foundation, Inc. and Affiliate
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Amount Passed through to subrecipient</u>	<u>Total Federal Expenditures</u>
U.S. Department of Education/Passed- Through State of Louisiana Department of Education				
<i>Special Education Cluster</i>				
Special Education Grants to States	84.027	n/a	\$ -	\$ 277,328
Total Special Education Cluster			-	277,328
Title I Grants to Local Educational Agencies	84.010	n/a	-	438,981
Title IV Student Support and Academic Enrichment Grants	84.424	n/a	-	6,366
Career and Technical Education – Basic Grants to States	84.048	n/a	-	108,092
Title II Supporting Effective Instruction State Grants	84.367	n/a	-	38,801
COVID-19 Education Stabilization Fund	84.425D	n/a	-	2,130,765
Total U.S. Department of Education			-	3,000,333
U.S. Department of Agriculture/Passed- Through State of Louisiana Department of Education				
<i>Child Nutrition Cluster</i>				
National School Lunch Program	10.555	n/a	-	553,583
Total Expenditures of Federal Awards			\$ -	\$ 3,553,916

Warren Easton Charter High School Foundation, Inc. and Affiliate
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Note 1: GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the expenditures of all federal awards of Warren Easton Charter High School Foundation, Inc. and Affiliate (the Organizations) (nonprofit organizations) for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

Note 2: INDIRECT COST RATE

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

Note 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards revenues reported in the Organizations' basic consolidated financial statements reconcile to federal award expenditures as follows:

Federal grant revenue	\$ 3,691,838
Surplus Child Nutrition Program funds received, not yet spent	(115,482)
Immaterial unreconciled differences	(22,440)
<hr/>	
Expenditures of federal awards	\$ 3,553,916

Note 4: LOANS

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

Note 5: FEDERALLY FUNDED INSURANCE

The Organizations have no federally funded insurance.

Note 6: NONCASH ASSISTANCE

The Organizations received no noncash assistance.

Warren Easton Charter High School Foundation, Inc. and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I – Summary of Auditor’s Results

Financial Statements

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|--|------------|
| 1. Type of auditor’s report issued on compliance for major programs | Unmodified |
| 2. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a)? | Yes |
| 4. Identification of major programs | |

Assistance Listing Number	Federal Program
84.425D	COVID-19 Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs | \$750,000 |
| 6. Auditee qualified as low-risk under 2CFR 200.520 | No |

**Warren Easton Charter High School Foundation, Inc. and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section II – Consolidated Financial Statement Findings

Finding 2023-001 Material Weakness – Internal Controls over Financial Reporting – FINANCIAL CLOSE/ACCOUNT RECONCILIATION (Originated in 2022)

Criteria: The Financial Accounting Standards Board (FASB) requires that not-for-profit entities maintain their accounting records and prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: During the audit, procedures disclosed material adjustments that were necessary in order to correct/update the books and records of the School as of June 30, 2023. Prior to the adjustments, cash was overstated by \$1,237,818, receivables were understated by \$204,600, property and equipment was understated by \$88,083, payables (including interfund payables) were understated by \$73,731, revenue was understated by \$1,028,076, and expenses were understated by \$2,052,038.

Cause: The books and records of the School were not completely and appropriately reconciled and closed prior to audit procedures.

Effect: Payables and expenses were materially misstated prior to the adjustments.

Recommendation: We recommend that the School implement and monitor controls to ensure all accounts are reconciled and closed timely after the end of each fiscal period.

Management Response: See corrective action plan on page 36.

Finding 2023-002 Significant Deficiency – Internal Controls over Financial Reporting – TRSL CONTRIBUTIONS

Criteria: In accordance with Louisiana Revised Statute 11:887, member/employer contributions to the Teachers Retirement System of Louisiana (TRSL) must be paid by the 15th day after the end of the month.

Condition: TRSL payments were not paid within the required timeframe.

Cause: TRSL payments were not made timely due to cash flow issues.

Effect: Members are not earning appropriate interest on their TRSL accounts and the School could be assessed interest on all unpaid balances.

Recommendation: We recommend that the School design, implement, and monitor policies and procedures to ensure TRSL payments are made within the required timeline.

Management Response: See management’s corrective action plan at page 36.

**Warren Easton Charter High School Foundation, Inc. and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Finding 2023-003 Noncompliance – LATE FILING FINDING

Criteria: Per Louisiana Revised Statute 24:513, the School is required to complete and submit an audit to the Louisiana Legislative Auditor “within six months of the close of the local auditee’s or vendor’s fiscal year.” Per Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the School is required to complete and submit an audit to the Federal Audit Clearinghouse "within the earlier of 30 calendar days after receipt of the auditors’ report(s), or nine months after the end of the audit period.”

Condition: The School did not complete and submit the audit to the Louisiana Legislative Auditor or the Federal Audit Clearinghouse within the required time periods.

Cause: The School did not implement appropriate controls and processes to ensure that the audit was submitted within the required time periods.

Effect: MFP revenue and/or federal awards could be withheld if the required report is not submitted timely.

Recommendation: We recommend that the School implement controls and processes to ensure all required reports are submitted timely.

Management Response: See corrective action plan on page 36.

Section III – Federal Award Findings and Questioned Costs

Finding 2023-004 Significant Deficiency – Internal Controls – EQUIPMENT INVENTORY

U.S. Department of Education
Passed-through State of Louisiana Department of Education
Education Stabilization Fund (COVID-19)
Assistance Listing Number 84.425D
Program Year 2023

Criteria: In accordance with 2 CFR Part 200.313(d), the School must maintain property records and take physical inventory of property purchased with federal funds.

Condition: While the School does maintain property records and perform physical inventory of property annually, 2 of 2 equipment items tested that were purchased with federal funds were not included on the inventory listing and, thus, did not have physical inventory taken as required.

**Warren Easton Charter High School Foundation, Inc. and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Cause: The School did not include all equipment purchased with federal funds on its existing inventory listing.

Effect: Equipment purchased with federal funds is not being tracked and appropriately monitored for safeguarding and maintenance as required by federal regulations.

Questioned costs: None

Recommendation: We recommend that the School review all equipment purchases with federal funds and ensure that all items are included on the inventory listing and, thus, included as part of the annual inventory of property.

Management Response: See corrective action plan at page 36.

Section IV – Management Letter

No management letter was issued

Section V – Summary Schedule of Prior Audit Findings

Finding 2022-001 Material Weakness – Internal Controls over Financial Reporting – FINANCIAL CLOSE/ACCOUNT RECONCILIATION

Criteria: The Financial Accounting Standards Board (FASB) requires that not-for-profit entities maintain their accounting records and prepare financial statements in accordance with generally accepted accounting principles (GAAP).

Recommendation: We recommend that the School implement and monitor controls to ensure all accounts are reconciled and closed timely after the end of each fiscal period.

Management Response and Current Status: Not resolved; See finding 2023-001

**Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidating Statements of Financial Position**

<i>June 30,</i>	School	Foundation	SAF	Warren Easton Charter High School Foundation	Friends of Warren Easton	Eliminating Entries	2023 Total
Assets							
Current assets							
Cash and cash equivalents	\$ 56,647	\$ 226,883	\$ -	\$ 283,530	\$ 168,473	\$ 207,993	\$ 659,996
Restricted cash	-	-	162,205	162,205	-	-	162,205
Grant receivables	3,413,584	-	-	3,413,584	-	-	3,413,584
Other receivables	219,478	47,450	-	266,928	-	(207,993)	58,935
Inventory	5,017	-	-	5,017	-	-	5,017
Prepaid expenses	25,322	-	-	25,322	-	-	25,322
Total current assets	3,720,048	274,333	162,205	4,156,586	168,473	-	4,325,059
Rent reserve	4,161,954	-	-	4,161,954	-	-	4,161,954
Operating lease right-of-use assets, net	65,383	-	-	65,383	-	-	65,383
Finance lesae right-of-use assets, net	13,355,353	-	-	13,355,353	-	-	13,355,353
Property and equipment, net	691,752	-	-	691,752	-	-	691,752
Total assets	\$ 21,994,490	\$ 274,333	\$ 162,205	\$ 22,431,028	\$ 168,473	\$ -	\$ 22,599,501

**Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidating Statements of Financial Position**

<i>June 30,</i>	School	Foundation	SAF	Warren Easton Charter High School Foundation	Friends of Warren Easton	Eliminating Entries	2023 Total
Liabilities and Net Assets							
Current liabilities							
Accounts payable	\$ 692,109	\$ 52,607	\$ -	\$ 744,716	\$ -	\$ -	\$ 744,716
Accrued expenses	141,066	89,859	-	230,925	-	-	230,925
Deferred revenues	14,756	-	-	14,756	-	-	14,756
Current portion of operating lease liabilities	15,609	-	-	15,609	-	-	15,609
Current portion of finance lease liabilities	363,377	-	-	363,377	-	-	363,377
Total current liabilities	1,226,917	142,466	-	1,369,383	-	-	1,369,383
Long-term liabilities							
Operating lease liabilities, less current portior	49,774	-	-	49,774	-	-	49,774
Finance lease liabilities, less current portion	13,340,259	-	-	13,340,259	-	-	13,340,259
Total long-term liabilities	13,390,033	-	-	13,390,033	-	-	13,390,033
Total liabilities	14,616,950	142,466	-	14,759,416	-	-	14,759,416
Net assets							
Without donor restriction	7,302,295	107,218	-	7,409,513	112,442	-	7,521,955
With donor restrictions	75,245	24,649	162,205	262,099	56,031	-	318,130
Total net assets	7,377,540	131,867	162,205	7,671,612	168,473	-	7,840,085
Total liabilities and net assets	\$ 21,994,490	\$ 274,333	\$ 162,205	\$ 22,431,028	\$ 168,473	\$ -	\$ 22,599,501

**Warren Easton Charter High School Foundation, Inc. and Affiliate
Consolidating Statements of Activities**

<i>For the year ended June 30,</i>	Warren Easton	Foundation	SAF	Warren Easton Charter HighSchool Foundation, Inc.	Friends of Warren Easton	2023 Total
Revenue and Other Support						
Contributions	\$ 918,192	\$ 105,009	\$ -	\$ 1,023,201	\$ 87,839	\$ 1,111,040
Grants						
Federal	3,691,838	-	-	3,691,838	-	3,691,838
State	74,999	-	-	74,999	-	74,999
Local Minimum Foundation Program	8,064,082	-	-	8,064,082	-	8,064,082
State Minimum Foundation Program	5,230,336	-	-	5,230,336	-	5,230,336
Student activity fees	-	-	840,709	840,709	-	840,709
Interest income	135,893	385	-	136,278	326	136,604
Other revenues	373,652	13,111	-	386,763	2,442	389,205
Total revenue and other support	18,488,992	118,505	840,709	19,448,206	90,607	19,538,813
Expenses						
Instructional	14,477,875	83,500	936,514	15,497,889	25,000	15,522,889
Management and general	4,093,640	108,294	-	4,201,934	950	4,202,884
Fundraising	117,909	5,969	-	123,878	-	123,878
Total expenses	18,689,424	197,763	936,514	19,823,701	25,950	19,849,651
Change in Net Assets	(200,432)	(79,258)	(95,805)	(375,495)	64,657	(310,838)
Net assets at beginning of year	7,577,972	211,125	258,010	8,047,107	103,816	8,150,923
Net assets at end of year	\$ 7,377,540	\$ 131,867	\$ 162,205	\$ 7,671,612	\$ 168,473	\$ 7,840,085



WARREN EASTON CHARTER HIGH SCHOOL

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September 27, 2024

RE: Corrective Action Plan

Warren Easton Charter High School respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:

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

Audit Period:

Fiscal Year July 1, 2023 through June 30, 2023

Finding 2023-001 Material Weakness – Internal Controls over Financial Reporting – FINANCIAL CLOSE/ACCOUNT RECONCILIATION (Originated in 2022)

Auditors Recommendation: We recommend that the School implement and monitor controls to ensure all accounts are reconciled and closed timely after the end of each fiscal period.

Management response: Warren Easton experienced key personnel changes and lingering effects of COVID-19 which had a direct effect on the financial statement year end closing procedures. Easton plans to re-emphasize policies and procedures to enforce a timely financial close.

Responsible Party: Lindsay Carter, Chief Financial Officer

Estimated Completion Date: December 30, 2023

Finding 2023-002 Significant Deficiency – Internal Controls over Financial Reporting – TRSL CONTRIBUTIONS

Auditors Recommendation: We recommend that the School design, implement, and monitor policies and procedures to ensure TRSL payments are made within the required timeline.

Management response: Warren Easton has implemented processes with the Board of Directors, Finance Committee to monitor TRSL reporting and payment deadlines.



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Payments are submitted before the deadline in accordance with the TRSL monthly reporting regulations.

Responsible Party: Lindsay Carter, Chief Financial Officer

Estimated Completion Date: December 30, 2023

Finding 2023-003 – Noncompliance – LATE FILING FINDING

Auditors Recommendation: We recommend that the School implement controls and processes to ensure all required reports are submitted timely.

Management response: Warren Easton experienced key personnel changes and lingering effects of COVID-19 which had a direct effect on the financial statement year end closing procedures. Easton and our auditors, CRI, have implemented several increased procedures so the FY2024 Audit is submitted in a timely manner. Easton submitted an extension through 9/30/2024 and have submitted a report on 9/30/2024. Easton plans to re-emphasize policies and procedures to enforce a timely financial close.

Responsible Party: Lindsay Carter, Chief Financial Officer

Estimated Completion Date: December 30, 2023

Finding 2023-004 Significant Deficiency – Internal Controls and Noncompliance – EQUIPMENT INVENTORY

Auditors Recommendation: We recommend that the School review all equipment purchases with federal funds and ensure that all items are included on the inventory listing and, thus, included as part of the annual inventory of property.

Management response: Warren Easton experienced key personnel changes and lingering effects of COVID-19 which had a direct effect on the financial statement year end closing procedures. Easton plans to re-emphasize policies and procedures to enforce a timely financial close.

Responsible Party: Lindsay Carter, Chief Financial Officer

Estimated Completion Date: December 30, 2023

Sincerely,

Chief Financial Officer



Warren Easton Charter High School Foundation, Inc.

BESE AGREED-UPON PROCEDURES REPORT

June 30, 2023

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Warren Easton Charter High School Foundation, Inc.
The Louisiana Department of Education,
and the Louisiana Legislative Auditor
New Orleans, Louisiana

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Warren Easton Charter High School Foundation, Inc. (a nonprofit organization) (the School) for the fiscal year ended June 30, 2023; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. The School's management is responsible for the performance and statistical data.

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

The procedures and associated results are as follows:

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

1. We will select a random sample of 25 transactions, review supporting documentation, and observe that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue

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

Class Size Characteristics (Schedule 2)

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

Results: Exception noted. Three (3) of ten (10) class sized per the EdLink 360 report did not match the class rosters provided by management.

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

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

Results: Exceptions noted. Four (4) of twenty-five (25) teachers, principals, and assistant principals' education levels were not reported correctly.

Public School Staff Data: Average Salaries (No Schedule)

4. We will obtain June 30th PEP data submitted to the Louisiana Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtain management's representation that the data/listing was complete. We will then select a sample of 25 individuals, trace to each individual's personnel file, and observe that each individual's salary, extra compensation, and full-time equivalents were properly included on the PEP data (or equivalent listing prepared by management).

Results: Exception noted. Two (2) of twenty-five (25) teachers, principals, and assistant principals' years of experience were not reported correctly.

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

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

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

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

Metairie, Louisiana
September 27, 2024

Warren Easton Charter High School Foundation, Inc.
Schedule 1

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

General Fund Instructional and Equipment Expenditures

General fund instructional expenditures:

Teacher and student interaction activities:

Classroom teacher salaries	\$ 3,296,688	
Other instructional staff activities	547,750	
Instructional staff employee benefits	1,424,161	
Purchased professional and technical services	77,634	
Instructional materials and supplies	173,001	
Less instructional equipment	108,137	
Total teacher and student interaction activities		5,627,371

Other instructional activities		589,447
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Pupil support activities	740,338	
Less equipment for pupil support activities	-	
Net pupil support activities		740,338

Instructional Staff Services	327,546	
Less equipment for instructional staff services	-	
Net instructional staff services		327,546

School Administration	874,507	
Less: Equipment for school administration	-	
Net school administration		874,507

Total general fund instructional expenditures		\$ 8,159,209
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Certain Local Revenue Sources

Not applicable to the School

Class Size Characteristics

As of October 1, 2022

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	-	-	-	-	-	-	-	-
Elementary Activity Classes	-	-	-	-	-	-	-	-
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	43%	237	17%	95	24%	134	4%	19
High Activity Classes	10%	52	1%	5	1%	5	0%	2
Combination	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	0%	-	0%	-	0%	-	0%	-



WARREN EASTON CHARTER HIGH SCHOOL

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September 27, 2024

Louisiana Legislative Auditor
1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

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

RE: Management's Response to
Board of Elementary and Secondary Education Agreed-Upon Procedures
Warren Easton High School

To whom it may concern:

Warren Easton High School will review policies and procedures in regard to the comments for each schedule of performance and statistical data and make appropriate changes that will improve reporting on each schedule of performance and statistical data that are cost effective and within our budget constraints.

Sincerely,

Mervin Jackson
Principal/ CEO



Warren Easton Charter School Foundation, Inc.

STATEWIDE AGREED-UPON PROCEDURES REPORT

June 30, 2023

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors of
Warren Easton Charter School Foundation, Inc. and the
Louisiana Legislative Auditor
New Orleans, Louisiana

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

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

The procedures and associated results are as follows:

1) *Written Policies and Procedures*

- A. Obtain and inspect the School's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the School's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
Results: No exceptions were found as a result of applying the above procedure.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
Results: No exceptions were found as a result of applying the above procedure.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
Results: No exceptions were found as a result of applying the above procedure.

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

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

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

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

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

Results: Exception noted. There are no written policies and procedures for the following: (2) standard terms and conditions; (3) legal review; and (5) monitoring process.

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

Results: Exceptions noted. The written policies do not contain information on allowable expenses, dollar thresholds by category of expense, documentation requirements, and required approvers.

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

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

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

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

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
Results: No exceptions were found as a result of applying the procedure.
 - ii. Observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the School's collections during the fiscal period.
Results: No exceptions were found as a result of applying the procedure.
 - iii. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.
Results: Exception noted. The Board/Finance Committee did not receive written updates of the progress of resolving the audit findings at each meetings until the findings were considered fully resolved.

3) Bank Reconciliations

- A. Obtain a listing of School bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the School's main operating account. Select the School's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
- Results:** No exceptions were found as a result of applying the procedure.
- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
Results: Exception noted. Bank reconciliations for one out of five accounts tested were not prepared within 2 months of the related statement closing date.
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
Results: No exceptions were found as a result of applying the procedure.

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

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

4) Collections (excluding electronic funds transfers)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

i. Observe that receipts are sequentially pre-numbered.

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

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

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

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

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

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

Results: Exception noted. Four of the four deposits selected was not made within one business day of receipt at the collection location.

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

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

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

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

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

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

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

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

- ii. At least two employees are involved in processing and approving payments to vendors;
Results: No exceptions were found as a result of applying the procedure.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
Results: No exceptions were found as a result of applying the procedure.
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
Results: No exceptions were found as a result of applying the procedure.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
Results: No exceptions were found as a result of applying the procedure.
- C. For each location selected under procedure #5A above, obtain the School's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- Results:** No exceptions were found as a result of applying the procedure.
- i. Observe that the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the School, and
Results: No exceptions were found as a result of applying the procedure.
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B, as applicable.
Results: No exceptions were found as a result of applying the procedure.
- D. Using the School's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the School's policy, and (b) approved by the required number of authorized signers per the School's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.
- Results:** No exceptions were found as a result of applying the procedure.

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

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

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

- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder (those instances requiring such approval may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

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

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

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

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

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

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

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

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

- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
Results: No exceptions were found as a result of applying the procedure.
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
Results: No exceptions were found as a result of applying the procedure.
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
Results: No exceptions were found as a result of applying the procedure.
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.
Results: No exceptions were found as a result of applying the procedure.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
Results: No exceptions were found as a result of applying the procedure.
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
Results: No exceptions were found as a result of applying the procedure.
 - ii. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
Results: No exceptions were found as a result of applying the procedure.
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
Results: No exceptions were found as a result of applying the procedure.

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

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

9) Payroll and Personnel

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10) Fraud Notice

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

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

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

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

11) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**

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

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

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

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

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

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

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

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

We were engaged by Warren Easton Charter School Foundation, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

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

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

Metairie, Louisiana
September 27, 2024



WARREN EASTON CHARTER HIGH SCHOOL

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September 27, 2024

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1600 North 3rd Street
P.O. Box 94397
Baton Rouge, LA 70804-9397

And

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

RE: Management's Response to Statewide Agreed-Upon Procedures
Warren Easton Charter School Foundation, Inc.

To whom it may concern:

Warren Easton Charter School Foundation, Inc. will review policies and procedures in regard to the comments for each financial function and make appropriate changes that will improve operations and internal controls in each area that are cost effective and within our budget constraints.

Sincerely,

Mervin Jackson
Principal/ CEO