

**ATHLOS ACADEMY OF JEFFERSON**

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
*June 30, 2023 and 2022*

# ATHLOS ACADEMY OF JEFFERSON

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Athlos Academy of Jefferson  
Terrytown, Louisiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Athlos Academy of Jefferson (the Academy) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Athlos Academy of Jefferson as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Emphasis of Matter***

As discussed in Note 10 to the financial statements, the Academy has a revision of prior period amounts. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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



### **Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023 on our consideration of Athlos Academy of Jefferson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Athlos Academy of Jefferson's internal control over financial reporting and compliance.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
December 19, 2023

# ATHLOS ACADEMY OF JEFFERSON

## STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

### ASSETS

	<u>2023</u>	<u>Restated 2022</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 2,813,699	\$ 1,182,970
Grants receivable	3,004,879	2,790,731
Prepaid expenses	<u>3,695</u>	<u>1,274</u>
<b>TOTAL CURRENT ASSETS</b>	<b>5,822,273</b>	<b>3,974,975</b>
<b>NONCURRENT ASSETS</b>		
Deposits	17,011	17,011
Leasehold improvements and equipment, net	66,512	-
Right of use asset – financing	<u>36,555,934</u>	<u>-</u>
<b>TOTAL NONCURRENT ASSETS</b>	<b><u>36,639,457</u></b>	<b><u>17,011</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$42,461,730</u></b>	<b><u>\$ 3,991,986</u></b>

### LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 192,727	\$ 385,798
Accrued payroll and other liabilities	388,623	267,712
Due to related parties – other	566,164	1,129,735
Lease liability – financing	<u>839,824</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,987,338</b>	<b>1,783,245</b>
<b>NONCURRENT LIABILITIES</b>		
Lease liability – financing, less current portion	<u>36,771,264</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>38,758,602</b>	<b>1,783,245</b>
<b>NET ASSETS</b>		
Without donor restrictions	<u>3,703,128</u>	<u>2,208,741</u>
<b>TOTAL NET ASSETS</b>	<b><u>3,703,128</u></b>	<b><u>2,208,741</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$42,461,730</u></b>	<b><u>\$ 3,991,986</u></b>

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

**ATHLOS ACADEMY OF JEFFERSON**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
*For the Years Ended June 30, 2023 and 2022*

	2023 Without Donor <u>Restrictions</u>	Restated 2022 Without Donor <u>Restrictions</u>
<b>REVENUE</b>		
State and local MFP funding	\$ 13,619,079	\$ 13,665,425
Federal and state grant revenue	5,156,549	3,387,287
Other income	78,343	64,079
Interest income	<u>15,086</u>	<u>2,351</u>
 TOTAL REVENUE	 18,869,057	 17,119,142
<b>EXPENSES</b>		
Program services	8,696,909	9,917,846
General and administrative	<u>8,677,761</u>	<u>6,850,823</u>
 TOTAL EXPENSES	 <u>17,374,670</u>	 <u>16,768,669</u>
 CHANGES IN NET ASSETS	 1,494,387	 350,473
 NET ASSETS, Beginning of Year	 <u>2,208,741</u>	 <u>1,858,268</u>
 NET ASSETS, End of Year	 <u>\$ 3,703,128</u>	 <u>\$ 2,208,741</u>

**ATHLOS ACADEMY OF JEFFERSON**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*For the Year Ended June 30, 2023*

	Program Services	General and Administrative	Total
Salary expense	\$ 4,805,700	\$ 1,231,422	\$ 6,037,122
Payroll taxes & employee benefits	1,076,538	149,929	1,226,467
Professional fees	514,727	2,564,062	3,078,789
Facility expense	49,348	1,018,242	1,067,590
Insurance	-	267,633	267,633
Student transportation	1,454,705	-	1,454,705
Food service expense	570,157	11,315	581,472
Travel expenses	5,750	48,939	54,689
Materials and supplies	13,393	210,794	224,187
Books and workbooks	199,264	-	199,264
Miscellaneous expense	7,327	98,991	106,318
Amortization – right of use asset	-	1,820,213	1,820,213
Interest	-	1,249,234	1,249,234
Depreciation	-	6,987	6,987
<b>TOTAL EXPENSES</b>	<b>\$ 8,696,909</b>	<b>\$ 8,677,761</b>	<b>\$ 17,374,670</b>



**ATHLOS ACADEMY OF JEFFERSON**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*For the Year Ended June 30, 2022*

	<u>Program Services</u>	<u>Restated General and Administrative</u>	<u>Restated Total</u>
Salary expense	\$ 5,438,761	\$ 682,359	\$ 6,121,120
Payroll taxes & employee benefits	1,070,741	128,613	1,199,354
Professional fees	714,722	2,245,652	2,960,374
Facility expense	37,100	3,076,244	3,113,344
Insurance	-	478,408	478,408
Student transportation	1,216,133	-	1,216,133
Food service expense	574,471	3	574,474
Travel expenses	7,580	528	8,108
Materials and supplies	565,018	206,696	771,714
Books and workbooks	291,320	-	291,320
Equipment costs	1,800	18,750	20,550
Miscellaneous expense	<u>200</u>	<u>13,570</u>	<u>13,770</u>
 TOTAL EXPENSES	 <u>\$ 9,917,846</u>	 <u>\$ 6,850,823</u>	 <u>\$ 16,768,669</u>

# ATHLOS ACADEMY OF JEFFERSON

## STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>Restated 2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 1,494,387	\$ 350,473
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Amortization - right of use asset	1,820,213	-
Depreciation	6,987	-
Grants receivable	(214,148)	(1,915,235)
Prepaid expenses	(2,421)	(1,274)
Accounts payable	(193,072)	59,607
Accrued payroll and other liabilities	120,911	141,118
Due to the Louisiana Department of Education	-	(12,331)
Due to related parties	(563,571)	1,031,343
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>2,469,286</b>	<b>(346,299)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of leasehold improvements and equipment	(73,499)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(73,499)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACITIVITES</b>		
Principal payments on financing lease	(765,058)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(765,058)</b>	<b>-</b>
<b>NET CHANGE IN CASH</b>	<b>1,630,729</b>	<b>(346,299)</b>
CASH – Beginning of year	1,182,970	1,529,269
CASH – End of year	<u>\$ 2,813,699</u>	<u>\$ 1,182,970</u>

### SUPPLEMENTAL CASH FLOW INFORMATION

<b>Due to the implementation of ASU 2016-02:</b>		
Interest expense payments on financing lease	\$ (1,249,234)	-
Right of use asset – financing obtained in exchange for a financing lease obligation	\$ 38,376,147	-

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*June 30, 2023 and 2022*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization***

Athlos Academy of Jefferson (the Academy) was incorporated on April 19, 2016 as a nonprofit organization under the laws of the State of Louisiana. The purpose of the Academy is to provide high quality educational opportunities for the whole child built on the three foundational pillars of prepared mind, healthy body, and performance character. During the year ended June 30, 2019, the Academy began operating a school in Terrytown, Louisiana servicing students from Kindergarten through seventh grade. During the year ended June 30, 2020, the Academy expanded their services to students to include eighth grade. The Academy was approved to operate as a Type 2 charter school by the Louisiana Board of Elementary and Secondary Education (BESE) in June 2018. The Academy has partnered with Athlos Academies, an educational service provider, who provides management services and support for academic, fiscal, and operational services.

The charter contract entered into with BESE was effective for an initial period of four years and was set to terminate on June 30, 2023, unless extended for a maximum initial term of five years, contingent upon the results of a review by BESE after the completion of the third year of operation. In December of 2022, BESE approved a three-year renewal of the charter contract, through June 30, 2026, as recommended by the Louisiana Department of Education (LDOE). Prior to the expiration of the current charter contract, the charter contract may be renewed at the discretion of BESE pursuant to applicable provisions of Title 17, Chapter 42, of the Louisiana Revised Statutes and BESE policy Bulletin 126.

***Basis of Accounting and Financial Statement Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (“US GAAP”), which requires the Academy to report information regarding its financial position and activities according to the following net asset classifications:

***Net assets without donor restrictions*** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Academy. These net assets may be used at the discretion of the Academy’s management and the Board of Directors.

***Net assets with donor restrictions*** – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Academy or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
*June 30, 2023 and 2022*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

***Basis of Accounting and Financial Statement Presentation – Continued***

Donor restricted revenues are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. The Academy did not have any assets with donor restrictions as of June 30, 2023 and 2022.

***Use of Estimates***

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

***Fair Value of Financial Instruments***

Fair value estimates, methods and assumptions for the Academy's financial instruments of cash, grants receivable, prepaid expenses, deposits, accounts payable, accrued payroll and other liabilities, due to related parties – other, and lease liability – financing are that the carrying amounts reported approximate fair value at June 30, 2023 and 2022.

***Liquidity***

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash (See Note 7).

***Cash and Cash Equivalents***

The Academy considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. The Academy had no cash equivalents at June 30, 2023 and 2022.

***Grants Receivable***

Grants receivable consists of receivables related to the federal grant programs and are stated at the amounts the Academy expects to collect. As of June 30, 2023, and 2022, the Academy has determined that there were no balances deemed uncollectible. Grant receivables as of July 1, 2021 were \$875,496.



**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
*June 30, 2023 and 2022*

**NOTE I – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

***Revenue Recognition***

Program income and other sources of income are accounted for under ASC Topic 606, *Revenue from Contracts with Customers*, recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied, or when performance obligations are met. The Academy's primary sources of funding are through the State of Louisiana Public School Fund-Minimum Foundation Program (MFP) and federal and state grants. Revenues from federal and state grants are recorded when the Academy has a right to reimbursement under the related grant, generally corresponding to the incurring of grant related costs by the Academy, or when earned under the terms of the grants.

***Functional Expenses***

The cost of providing program and other activities have been summarized on a functional basis (See Statements of Functional Expenses). Accordingly, certain costs are assigned to program or supporting services based on function codes determined by management, as allowed per the Louisiana Accounting and Uniform Governmental Handbook.

***Leasehold Improvements and Equipment***

Leasehold improvements and equipment consists of leasehold improvements of \$24,695, equipment of \$48,804, and associated accumulated depreciation of \$6,987 as of June 30, 2023. Depreciation expense was \$6,987 for the year ended June 30, 2023. The Academy had no leasehold improvements and equipment as of June 30, 2022. Leasehold improvements and equipment are recorded at cost. The Academy capitalizes all expenditures for leasehold improvements and equipment in excess of \$5,000. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis upon the following estimated useful lives: leasehold improvements – 5 years and equipment – 5 years.

***New Accounting Pronouncements***

In February 2016, the Financial Accounting Standards Board (the "FASB") issued ASU 2016-02, *Leases (Topic 842)*. Under this accounting standard, lessees are required to recognize a right of use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). The liability is equal to the present value of lease payments. The asset is based on the liability, subject to certain adjustments, such as for initial direct costs. For statement of activities purposes, a dual model was retained, requiring leases to be classified as either operating or financing leases.

Operating leases result in straight-line expense (similar to operating leases under the prior accounting standard), while financing leases result in a front-loaded expense pattern (similar to capital leases under the prior accounting standard).

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
*June 30, 2023 and 2022*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

***New Accounting Pronouncements – Continued***

The Academy adopted this new accounting standard on July 1, 2022 on a modified retrospective basis and applied the standard to all leases. The Academy elected the package of practical expedients permitted under the transition guidance within the new standard, which includes, among other things, the ability to carry forward the existing lease classification. No adjustment to beginning net assets was required upon implementation. The new standard had a material impact on the Academy's statement of financial position and operating results and had no impact on the Academy's cash flows.

***Right of Use Asset and Lease Liability***

The Academy determines if an arrangement contains a lease at the inception of a contract. Right of use asset represents the Academy's right to use an underlying asset for the lease term and lease liability represent the Academy's obligation to make lease payments arising from the lease. The right of use asset and lease liability are recognized at the commencement date of the lease, renewal date of the lease or significant remodeling of the lease space based on the present value of the remaining future minimum lease payments. As the interest rate implicit in the Academy's lease is not readily determinable, the Academy utilizes the risk-free rate, determined by class of underlying asset, to discount the lease payments.

The Academy's school facility and related furniture and equipment lease does not contain options that permit renewals for additional periods. Leases with an initial term of 12 months or less are not recorded on the statement of financial position, and lease expense is recognized on a straight-line basis over the term of the short-term lease.

NOTE 2 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of cash deposits. The Academy at times has cash on deposit at financial institutions that is in excess of federally insured limits. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Academy has not experienced any losses in such accounts. The Academy has no policy requiring collateral or other security to support its deposits.

The total bank balances were \$2,813,699 and \$1,195,883, of which \$2,561,366 and \$944,013 was uninsured for the years ended June 30 2023 and 2022, respectively.

NOTE 3 – CONCENTRATIONS

The Academy receives a significant portion of its support from the MFP. Management is not aware of any actions that will significantly affect the amount of funds the Academy will receive in future years. Approximately 72% and 80% of total revenue was received from the MFP program during the years ended June 30, 2023 and 2022, respectively.

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
*June 30, 2023 and 2022*

**NOTE 4 – INCOME TAX STATUS**

The Academy received a tax-exempt ruling under Section 501(c)(3) from the Internal Revenue Service, and accordingly, is not subject to federal income tax unless the Academy has unrelated trade or business income. Management believes there are no uncertain tax positions. As of June 30, 2023, the Academy had three years of tax returns open for review by the IRS. The years 2022, 2021, and 2020 are included within the 3-year statute of limitations for IRS review. As of the date of the audit report, the Academy has not filed its tax return for the year ended June 30, 2023.

**NOTE 5 – EMPLOYEE BENEFIT PLAN**

The Academy sponsors a defined contribution plan (the Plan) for all employees qualified under Section 403(b) of the Internal Revenue Code. Contributions to the Plan by the Academy are based on the participants' contributions. The Academy pays expenses associated with the administration of the Plan. The Academy expensed contributions to the Plan totaling \$36,025 and \$15,773 during the years ended June 30, 2023 and 2022, respectively.

**NOTE 6 – LEASE COMMITMENTS**

The Academy entered into a build to suit lease agreement with, RJ Jefferson Parish I, LLC, a related party, as described in Note 8, for its school facility and related furniture and equipment in Terrytown, Louisiana, expiring August 2043. On July 8, 2020, the lease was amended to include the installation of portable buildings which increased the fixed monthly payment.

Upon the seventh anniversary of the lease inception date, and on each anniversary of the inception date thereafter, base rent will increase by an amount equal to two and one-half percent (2.5%) more than the base rent payable during the immediately preceding lease year.

The school facility lease agreement has a purchase option that may be exercised as of the fifth anniversary of the inception date and shall terminate upon the eighth anniversary of the inception date. Purchase price options are as follows: "The purchase price for the premises shall be equal to the capitalized value of the base rent to be in effect in the lease year following the date of the closing, calculated with a seven and one-half percent (7.5%) cap rate (the "Option Price")."

The Academy adopted ASU 2016-02, Leases (Topic 842) on July 1, 2022 on a modified retrospective basis with regard to this lease agreement. As a result, disclosures as of and for the year ended June 30, 2023 are reported under ASC 842 as follows:

The following table is a summary of the components of net lease costs for the year ended June 30, 2023:

Financing lease costs:	
Amortization – right of use asset	\$ 1,820,213
Interest on lease liability	1,249,234
Total financing lease costs	<u>\$ 3,069,447</u>

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
*June 30, 2023 and 2022*

NOTE 6 – LEASE COMMITMENTS – Continued

Supplemental cash flow information related to lease for the year ended June 30, 2023 is as follows:

Cash paid for amounts included in the measurement of lease liability:

Financing cash flows paid for principal portion of financing lease	\$ 765,058
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Right of use asset obtained in exchange for lease liability: financing lease	\$ 38,376,147
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Supplemental statement of financial position information related to lease as of June 30, 2023 is as follows:

Financing lease:	
Right of use asset, gross	\$ 38,376,147
Right of use asset, accumulated amortization	(1,820,213)
Total right of use asset - financing, net	<u>\$ 36,555,934</u>

Current portion of lease liability - financing	\$ 839,824
Lease liability – financing, less current portion	36,771,264
Total lease liability - financing	<u>\$ 37,611,088</u>

Weighted average remaining lease term (in years):	
Financing lease	20.08

Weighted average discount rate:	
Financing lease	3.35%

The following table summarizes the maturity of lease liability under financing lease as of June 30, 2023:

	<u>Financing Lease</u>
2024	\$ 2,062,557
2025	2,114,121
2026	2,166,974
2027	2,221,148
2028	2,276,677
Thereafter	<u>41,845,827</u>
Total lease payments	52,687,304
Less: imputed interest	<u>(15,076,216)</u>
Total lease liabilities	<u>\$ 37,611,088</u>

Disclosures prior to the adoption of ASU 842 included the following: Total lease expense was \$1,964,245 for the year ended June 30, 2022 for the related party lease noted above.



**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
*June 30, 2023 and 2022*

**NOTE 7 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

The table below represents financial assets available for general expenditures within one year at June 30, 2023 and 2022.

	2023	2022
Cash	\$ 2,813,699	\$ 1,182,970
Grants receivable	3,004,879	2,790,731
Financial assets available to meet general expenditures within one year	\$ 5,818,578	\$ 3,973,701

Certain assets have been deemed to not likely be converted into cash within one year and therefore, are not available to be used to satisfy general expenditures in the following year.

The Academy maintains a \$200,000 line of credit with a related party, as discussed in more detail in Note 8. The full line of credit was available as of June 30, 2023 and 2022.

**NOTE 8 – RELATED PARTIES**

The Academy entered into a master school services agreement effective beginning July 1, 2018, with School Model Support, L.L.C., dba Athlos Academies, to provide education, performance character, health and fitness programs, and school opening and ongoing management services. In addition, included in this agreement, the Academy is provided a trademark license agreement, which provides the Academy the right to use the Athlos Academies' logo. The Academy entered into a new five year master service agreement effective beginning September 11, 2021, with School Model Support, L.L.C. dba Athlos Academies. The agreement is for a term of five years and will expire on the fifth anniversary of the term commencement date. The Academy recognized management services expense of \$2,264,287 and \$2,054,300 for the years ended June 30, 2023 and 2022, respectively. At June 30, 2023 and 2022 the Academy had a remaining balance due to School Model Support, L.L.C. of \$560,9654 and \$965,801, respectively.

The Academy entered into a facility lease agreement with RJ Jefferson Parish I, LLC, a related party with ownership similar to Athlos Academies, to rent school facilities. This is recorded as a financing lease and is described in Note 6. At June 30, 2023 and 2022, the Academy had a balance due to RJ Jefferson Parish I, LLC of \$5,199 and \$163,934, respectively.

The Academy entered into an agreement with Athlos Academies, Partner/National Affiliate, to provide a line of credit up to \$200,000 through July 31, 2023, with a 0 % interest rate. The unpaid principal balance was \$0 at June 30, 2023 and 2022. The line of credit was not renewed.

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
*June 30, 2023 and 2022*

**NOTE 9 – CONTINGENCIES**

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

The current charter contract for the Academy was approved by BESE through June 30, 2026. The continuation of the Academy is also contingent on BESE’s renewal of a charter contract after the June 30, 2026 expiration date.

**NOTE 10 – REVISION OF PRIOR PERIOD AMOUNTS**

During the year ended June 30, 2023, the Academy discovered certain errors related to the calculation of related party management service expenses recorded in the year ended June 30, 2022. This resulted in a misstatement of due from related party – other, due to related party – other, and net assets without donor restriction on the statement of financial position as of June 30, 2022, as well as a misstatement of general and administrative expenses and changes in net assets on the statement of activities and changes in net assets for the year ended June 30, 2022. The Academy provided the following restatement of the prior year.

The financial statements have been adjusted as follows:

<b>Account</b>	<b>As previously reported</b>	<b>Adjustment</b>	<b>Revised</b>
Due from related party - other	\$ 127,197	\$ (127,197)	\$ -
Other assets not effected	3,991,986	-	3,991,986
<b>Total assets</b>	<b>4,119,183</b>	<b>(127,197)</b>	<b>3,991,986</b>
Due to related parties - other	842,483	287,252	1,129,735
Other liabilities not effected	653,510	-	653,510
Total liabilities	1,495,993	287,252	1,783,245
Net assets without donor restrictions	2,623,190	(414,449)	2,208,741
<b>Total liabilities and net assets</b>	<b>4,119,183</b>	<b>(127,197)</b>	<b>3,991,986</b>
<b>Total revenue</b>	<b>17,119,142</b>	<b>-</b>	<b>17,119,142</b>
General and administrative expenses	6,436,374	414,449	6,850,823
Other expenses not effected	9,917,846	-	9,917,846
<b>Total expenses</b>	<b>16,354,220</b>	<b>414,449</b>	<b>16,768,669</b>
<b>Changes in net assets</b>	<b>\$ 764,922</b>	<b>\$ (414,449)</b>	<b>\$ 350,473</b>

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO THE FINANCIAL STATEMENTS – CONTINUED**  
*June 30, 2023 and 2022*

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, which corresponds with the date of the Independent Auditors' Report.

Management intends to enter into a loan agreement with Louisiana Public Facilities Authority to receive proceeds of revenue bonds to be issued by Louisiana Public Facilities Authority to finance the purchase of the leased school facility and related furniture and equipment from a related party referenced in NOTE 6 and NOTE 8. As of the date that the financial statements were available to be issued, Louisiana Public Facilities Authority was still in the preliminary stages of offering these bonds and no loan agreement between the Academy and Louisiana Public Facilities Authority has been executed.

On September 6, 2023, the Academy issued a notice of exercise of option to RJ Jefferson Parish I, LLC, a related party, formerly indicating a contemplated purchase-and-sale transaction related to the leased school facility and related furniture and equipment. The purchase is contingent on the successful completion of the bond issuance by Louisiana Public Facilities Authority. As of the date that the financial statements were available to be issued, no purchase agreement between the Academy and RJ Jefferson Parish I, LLC has been executed.

No additional material subsequent events have occurred since June 30, 2023 that required recognition or disclosure in these financial statements.

***SUPPLEMENTARY INFORMATION***



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

The Board of Directors of  
Athlos Academy of Jefferson  
Terrytown, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Athlos Academy of Jefferson (the Academy), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated (((DATE))).

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We have identified deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

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

## **Athlos Academy of Jefferson's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Academy's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Academy's response was not subjected to the other auditing procedures applied in the audit of the 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 Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
December 19, 2023



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

The Board of Directors of  
Athlos Academy of Jefferson  
Terrytown, Louisiana

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

We have audited Athlos Academy of Jefferson's (the Academy) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2023. The Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

**Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of Athlos Academy of Jefferson 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 Academy's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

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

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Academy's 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 Academy's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

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

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
December 19, 2023



**ATHLOS ACADEMY OF JEFFERSON**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2023

<u>Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>Award Year</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Passed through State of Louisiana Department of Education:			
Special Education Cluster			
COVID-19 IDEA Part B - Special Education			
Grants to States	84.027X	2021 - 2024	\$ 5,577
IDEA Part B - Special Education Grants to States	84.027	2022 - 2023	55,695
IDEA Part B - Special Education Grants to States	84.027A	2022 - 2023	<u>204,542</u>
Total Special Education Cluster			265,814
Title I, Part A - Grants to Local Educational Agencies	84.010/84.010A	2022 - 2023	560,652
Title II, Part A – Supporting Effective Instruction State Grants	84.367A	2022 - 2023	70,809
Title IV, Part A – Student Support and Academic Enrichment Program	84.424A	2022 – 2023	26,767
COVID-19 Education Stabilization Fund - ESSER Fund	84.425D	2021 - 2024	1,670,455
COVID-19 Education Stabilization Fund - ARP ESSER Fund	84.425U	2021 - 2024	1,576,045
COVID-19 Education Stabilization Fund - ARP ESSER Fund	84.425W	2021 - 2024	<u>19,249</u>
Total COVID-19 Education Stabilization Fund - ARP ESSER Fund			<u>1,595,294</u>
Total COVID-19 Education Stabilization Fund			<u>3,265,749</u>
Total for U.S. Department of Education			3,923,977
U.S. Department of Agriculture			
Passed through State of Louisiana Department of Education:			
Child Nutrition Cluster			
National School Lunch Program	10.555	2022 - 2023	864,724
COVID-19 Supply Chain Assistance Grant	10.555	2022 - 2023	<u>16,788</u>
Total Child Nutrition Cluster			881,512
COVID-19 Pandemic EBT Food Benefits	10.542	2022 - 2023	<u>3,256</u>
Total for U.S. Department of Agriculture			<u>884,768</u>
Total Federal Expenditures			<u>\$ 5,074,559</u>

The accompanying notes are an integral part of this schedule.

**ATHLOS ACADEMY OF JEFFERSON**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
*Year Ended June 30, 2023*

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying *Schedule of Expenditures of Federal Awards* includes the federal grant activity of Athlos Academy of Jefferson and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position and changes in net assets of the Academy. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE 2 – DETERMINATION OF TYPE A AND TYPE B PROGRAMS**

Federal award programs are classified as either Type A or Type B programs. For the year ended June 30, 2023, Type A programs consisted of the federal programs that expended over \$750,000 and Type B programs are the programs that expended under \$750,000.

**NOTE 3 – DE MINIMIS COST RATE**

During the year ended June 30, 2023, the Academy did not elect to use the 10% de minimis cost rate as covered in section 200.414 of the Uniform Guidance.

**NOTE 4 – SUBRECIPIENTS**

The Academy did not pass-through any of its federal awards to a subrecipient during the year ended June 30, 2023.

**NOTE 5 – NON-CASH ASSISTANCE**

No federal awards were expended in the form of non-cash assistance during the year ended June 30, 2023.

**ATHLOS ACADEMY OF JEFFERSON**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*Year Ended June 30, 2023*

**I. SUMMARY OF AUDITORS' RESULTS**

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?  Yes  No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	COVID-19 Education Stabilization Fund
10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee Qualified as Low-Risk Auditee?  Yes  No

**ATHLOS ACADEMY OF JEFFERSON**  
*SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued*  
*Year Ended June 30, 2023*

**2. FINANCIAL STATEMENT FINDINGS**

**Internal Control:**

**Significant Deficiency**

**2023-001**

**Criteria:**

Management is responsible for designing, implementing, and maintaining policies and procedures to –

- provide effective internal controls over their major transaction classes to prevent and detect misstatements, whether caused by error or fraud,
- to develop internal controls over the preparation of the financial statements and the recording of financial transactions in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Condition:**

During our audit procedures, we noted the following:

- instances related to the Academy's credit card where policies and procedures were not followed. Some purchases made on the Academy's credit card were not supported by original itemized receipts. In addition, one statement did not show evidence of review or approval by the appropriate personnel and finance charges were noted.
- the Academy's new management team reviewed and revised the Academy's policies and procedures, and performed the appropriate internal controls including applicable year ending reconciliations. During this process, they noted a calculation related to an accrual from prior year was performed incorrectly by not using the most current amendment to a contract. This resulted in a material revision to prior period amounts, see Note 10 for more explanation.

**Cause:**

Prior to the establishment of the new management team, these issues were due to the turnover in key personnel, in which prior management did not provide the necessary oversight to ensure employees followed the appropriate policies and procedures.

**Effect:**

The conditions shown above represent a significant deficiency in internal control which could result in inaccurate reporting, and abuse and the misappropriation of assets.

**Recommendation:**

We recommend the Academy continue to follow its policies and procedures over cash disbursements and financial reporting in accordance with GAAP, specifically over credit cards, and month and year end closing, to ensure expenses are properly documented and supported, and financial reporting is accurate and complete.

**Management's Response:**

Management concurred with the recommendation. See Management's Corrective Action Plan.

**3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.

**ATHLOS ACADEMY OF JEFFERSON**  
*SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS*  
*Year Ended June 30, 2023*

**1. FINANCIAL STATEMENT FINDINGS**

2022-001 – Resolved

2022-002 – Unresolved, see 2023-001

2022-003 – Resolved

**2. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**3. MEMORANDUM OF ADVISORY COMMENTS**

2022-01 – Cash Handling Procedures – Unresolved – See Memorandum of Advisory Comments  
2022-01 – Resolved

2022-02 – Policies and Procedures – Unresolved – See Memorandum of Advisory Comments  
2022-02 – Resolved

2022-03 – Timely Submission of Grant Documentation – Resolved



**ATHLOS ACADEMY OF JEFFERSON**  
SCHEDULE OF COMPENSATION, REIMBURSEMENTS,  
BENEFITS AND OTHER PAYMENTS TO AGENCY HEADS  
FOR THE YEAR ENDED JUNE 30, 2023

Cheryl Martin, Executive Director:

Purpose:	
Seminar expenses	\$ <u>        600</u>
Total	\$ <u>        600</u>

**ATHLOS ACADEMY OF JEFFERSON**  
 SCHEDULE OF BOARD OF DIRECTORS  
 FOR THE YEAR ENDED JUNE 30, 2023

<u>Board Member</u>	<u>Compensation</u>
Nick Berg, Board Chair	\$ -
Jaquetta Wright, Secretary	-
Harvey Wier, Treasurer	-
Elydia Ketchens, Board Member	-
Karen Chambers, Board Member	-
Tiffany Nelson, Board Member*	-

*\*Former board member who was active during the year ended June 30, 2023.*

## **CORRECTIVE ACTION PLAN AUDIT FINDINGS**

December 19, 2023

### **Louisiana State Legislative Auditor**

Athlos Academy of Jefferson Parish respectfully submits to you the following corrective action plan for the audit comments for the year ended June 30, 2023.

Kushner LaGraize, LLC  
Certified Public Accountants and Consultants  
3330 West Esplanade Ave-Suite 100  
Metairie, LA 70002

**Audit period: July 1, 2022 – June 30, 2023**

### **AUDIT FINDINGS**

#### **Internal Control:**

#### **Significant Deficiency**

#### **2023-001**

#### **Criteria:**

Management is responsible for designing, implementing, and maintaining policies and procedures to –

- provide effective internal controls over their major transaction classes to prevent and detect misstatements, whether caused by error or fraud,
- to develop internal controls over the preparation of the financial statements and the recording of financial transactions in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### **Condition:**

During our audit procedures, we noted the following:

☐ instances related to the Academy's credit card where policies and procedures were not followed. Some purchases made on the Academy's credit card were not supported by original itemized receipts. In addition, one statement did not show evidence of review or approval by the appropriate personnel and finance charges were noted.

- the Academy's new management team reviewed and revised the Academy's policies and procedures, and performed the appropriate internal controls including applicable year ending reconciliations. During this process, they noted a calculation related to an accrual from prior year was performed incorrectly by not using the most current amendment to a contract. This resulted in a material revision to prior period amounts, see Note 10 for more explanation.

**Cause:**

Prior to the establishment of the new management team, these issues were due to the turnover in key personnel, in which prior management did not provide the necessary oversight to ensure employees followed the appropriate policies and procedures.

**Effect:**

The conditions shown above represent a significant deficiency in internal control which could result in inaccurate reporting, and abuse and the misappropriation of assets.

**Recommendation:**

We recommend the Academy continue to follow its policies and procedures over cash disbursements and financial reporting in accordance with GAAP, specifically over credit cards, and month and year end closing, to ensure expenses are properly documented and supported, and financial reporting is accurate and complete.

**Management's Response:**

Athlos Academy of Jefferson Parish has instituted Bill.com, allowing the school to upload the receipts to the statement electronically. This eliminates issues with lost receipts. Management has now instituted a new policy to suspend cards unless all receipts are given. We consider this issue resolved.

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

To the Board of Directors of Athlos Academy of Jefferson,  
the Louisiana Department of Education,  
and the Louisiana Legislative Auditor  
Terrytown, Louisiana

We have performed the procedures included in the Louisiana Governmental Audit Guide and enumerated below, which were agreed to by the management of Athlos Academy of Jefferson (the Academy) and the Louisiana Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the Academy and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE) Bulletin, in compliance with Louisiana Revised Statute 24:514.I. The Academy is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

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

- I. We selected a sample of 25 transactions, reviewed supporting documentation, and observed that the sampled expenditures/revenues are classified correctly and are reported in the proper amounts among the following amounts reported on Schedule I:
  - a. Total General Fund Instructional Expenditures
  - b. Total General Fund Equipment Expenditures
  - c. Total Local Taxation Revenue
  - d. Total Local Earnings on Investment in Real Property
  - e. Total State Revenue in Lieu of Taxes
  - f. Nonpublic Textbook Revenue
  - g. Nonpublic Transportation Revenue

**We noted no exceptions.**

### **Class Size Characteristics (Schedule 2)**

2. We obtained a list of classes by school, school type, and class size as reported on the schedule. We then traced a sample of 10 classes to the October 1, 2022 roll books for those classes and observed that the class was properly classified on the schedule.

**We noted no exceptions.**

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

3. We obtained October 1, 2022 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

**Per review of the documentation maintained for the 25 individuals selected, we noted 2 individuals' education level did not agree to the data included in the October 1, 2022 PEP report. We also noted, that of the 25 individuals selected, 2 individuals' years of experience documented in their personnel file did not agree to the data included in the October 1, 2022 PEP report.**

### **Public School Staff Data: Average Salaries (NO SCHEDULE)**

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

**We noted no exceptions.**

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the performance and statistical data. 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.

Management has responded, see attached.



The purpose of this report is solely to describe the scope of testing performed on the performance and statistical data accompanying the annual financial statements of the Athlos Academy of Jefferson, 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.

*Kushner LaGraize, L.L.C.*

December 19, 2023  
Metairie, Louisiana

**ATHLOS ACADEMY OF JEFFERSON**  
**SCHEDULE I – GENERAL FUND INSTRUCTIONAL AND SUPPORT**  
**EXPENDITURES AND CERTAIN LOCAL REVENUE SOURCES**  
*As of and For the Year Ended June 30, 2023*  
*(Unaudited)*

**GENERAL FUND INSTRUCTIONAL AND EQUIPMENT EXPENDITURES**

GENERAL FUND INSTRUCTIONAL EXPENDITURES

TEACHER AND STUDENT INTERACTION ACTIVITIES

Classroom teacher salaries	\$ 2,253,575	
Other instructional staff activities	129,452	
Instructional staff employee benefits	895,221	
Purchased property services	22,278	
Purchased professional and technical services	166,582	
Instructional materials and supplies	83,378	
Instructional equipment	-	

TOTAL TEACHER AND STUDENT INTERACTION ACTIVITIES  
3,550,486

OTHER INSTRUCTIONAL ACTIVITIES

-

PUPIL SUPPORT ACTIVITIES

165,660

Less: equipment for pupil support activities

-

NET PUPIL SUPPORT ACTIVITIES

165,660

INSTRUCTIONAL STAFF SERVICES

31,607

Less: equipment for instructional staff services

-

NET INSTRUCTIONAL STAFF SERVICES

31,607

SCHOOL ADMINISTRATION

3,740,183

Less: equipment for school administration

-

NET SCHOOL ADMINISTRATION

3,740,183

TOTAL GENERAL FUND INSTRUCTIONAL EXPENDITURES

\$

7,487,936

TOTAL GENERAL FUND EQUIPMENT EXPENDITURES

\$ -

Note: Remainder of the BESE Schedule I does not apply to the Academy.

# ATHLOS ACADEMY OF JEFFERSON

## SCHEDULE II – CLASS SIZE CHARACTERISTICS

As of October 1, 2022

(Unaudited)

### CLASS SIZE CHARACTERISTICS

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	3.6%	10	34.1%	94	44.2%	122	2.2%	6
Elementary Activity Classes	1.4%	4	5.8%	16	8.0%	22	0.7%	2
Middle/Jr. High	-	-	-	-	-	-	-	-
Middle/Jr. High Activity Classes	-	-	-	-	-	-	-	-
High	-	-	-	-	-	-	-	-
High Activity Classes	-	-	-	-	-	-	-	-
Combination	-	-	-	-	-	-	-	-
Combination Activity Classes	-	-	-	-	-	-	-	-

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

## CORRECTIVE ACTION PLAN

December 19, 2023

### Board of Elementary and Secondary Education Auditor

Athlos Academy of Jefferson Parish respectfully submits to you the following Corrective Action Plan in response to the BESE Agreed-Upon Procedures engagement performed for the year ended June 30, 2023.

Kushner LaGraize, LLC  
Certified Public Accountants and Consultants  
3330 West Esplanade Ave-Suite 100  
Metairie, LA 70002

**Audit period: July 1, 2022 – June 30, 2023**

### Procedure:

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

3. We obtained October 1, 2022 PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 25 individuals, traced to each individual's personnel file, and observed that each individual's education level and experience was properly classified on the PEP data or equivalent listing prepared by management.

**Per review of the documentation maintained for the 25 individuals selected, we noted 2 individuals' education level did not agree to the data included in the October 1, 2022 PEP report. We also noted, that of the 25 individuals selected, 2 individuals' years of experience documented in their personnel file did not agree to the data included in the October 1, 2022 PEP report.**

**Management's Response to 3.** Athlos Academy of Jefferson Parish continues to train and implement corrective action procedures to ensure for the year FY23 and beyond that staff education and experience level match submitted PEP reports. In addition, Athlos Academy of Jefferson Parish is providing for additional training for its human resources staff to help with the tracking and populating of this data.

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors and the Louisiana Legislative Auditor:

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. Athlos Academy of Jefferson Parish's management is responsible for those C/C areas identified in the SAUPs.

Athlos Academy of Jefferson Parish's (the Academy) 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 findings are as follows:

***Written Policies and Procedures***

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- I. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

*We obtained the entity's policies on budgeting and noted no exceptions.*

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

*We obtained the entity's policies on purchasing and noted no exceptions.*

- c) **Disbursements**, including processing, reviewing, and approving.

*We obtained the entity's policies on disbursements and noted no exceptions.*



- d) **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).

*We obtained the entity's policies on receipts/collections and noted no exceptions.*

- e) **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(s) rate of pay or approval and maintenance of pay rate schedules.

*We obtained the entity's policies on payroll/personnel and noted no exceptions.*

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

*We obtained the entity's policies on contracting and noted no exceptions.*

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

*We obtained the entity's policies on credit cards and noted no exceptions.*

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

*We obtained the entity's policies on travel and expense reimbursement and noted no exceptions.*

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

*We obtained the entity's policies on ethics and noted no exceptions.*

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

*N/A – the entity holds no outstanding debt.*



- k) **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.

*We obtained the entity's policies on information technology disaster recovery/business continuity and noted no exceptions.*

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

*N/A – this section is not applicable to not-for-profit entities.*

### **Board or Finance Committee**

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2. 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:

- a) 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.

*Per review of the board minutes, the Board of Directors met in accordance with their policies and procedures with a quorum present at each meeting, without exception.*

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

*Per review of the board minutes, the minutes referenced or included the applicable financial statement comparisons, without exception.*

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

*N/A – this section is not applicable to not-for-profit entities.*

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

*Per review of the board minutes, the board did not receive written updates of the progress of resolving audit findings. We consider this an exception.*

### **Bank Reconciliations**

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

- a) 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);

*Noted evidence that all reconciliations tested were prepared within the appropriate time period, without exception.*

- b) Bank reconciliations include evidence that a member of management/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

*Noted evidence of approval by management on all reconciliations tested, without exception.*

- c) 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.

*N/A – no reconciling items outstanding for more than 12 months.*

### **Collections (excluding electronic funds transfers)**

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5. 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).

*Obtained listing of deposit sites for the fiscal period and management's representation that the listing is complete, without exception.*

6. 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 (i.e., 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, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

*Noted proper segregation of duties for the responsibilities listed above, without exception.*

- b) 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.

*Noted proper segregation of duties for the responsibilities listed above, without exception.*

- c) 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.

*Noted proper segregation of duties for the responsibilities listed above, without exception.*

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

*Noted proper segregation of duties for the responsibilities listed above, without exception.*

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

*Reviewed the entity's policy covering theft of cash by employees responsible for cash collections, without exception.*

- 8. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

*N/A – due to the small volume of cash collections received, the entity does not utilize a system of sequentially pre-numbered receipts for their collections.*

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

*Examined the collection report for all collections tested and traced the totals per the collection report to the deposit slip, without exception.*

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

*Traced deposit slip total to the actual deposit per the bank statement, without exception.*

- d) Observe 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).

*Examined supporting documentation for the daily deposits noting no evidence of when the collections were made. Therefore, we were unable to determine the time between collection and deposit. We consider this an exception.*

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

*Traced the actual deposit per the bank statement to recording in the general ledger, without exception.*

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

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- 9. 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).

*Obtained listing of locations that process payments for the fiscal period and management's representation that the listing is complete, without exception.*

- 10. For each location selected under #8 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, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

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

*Noted proper segregation of duties for the responsibilities listed above, without exception.*

- b) At least two employees are involved in processing and approving payments to vendors.

*Noted proper segregation of duties for the responsibilities listed above, without exception.*

- c) 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.

*Noted proper segregation of duties for the responsibilities listed above, without exception.*

- d) 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.

*Noted proper segregation of duties for the responsibilities listed above, without exception.*

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

*Noted proper segregation of duties for the responsibilities listed above, without exception.*

- 11. For each location selected under #9 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

*All disbursements examined matched the related original invoice/bill statement, without exception.*

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

*All invoices examined included evidence of segregation of duties documented above, without exception.*

- 12. Using the entity's main operating account and the month selected in "Bank Reconciliations" procedure #4, 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 per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

*All electronic disbursements examined included proper approval and number of authorized signers, without exception.*



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

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

*Obtained complete listing of all active credit cards for the fiscal period and management's representation that the listing is complete, without exception.*

14. 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:

- a) 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.

*Only one credit card was in use during the month selected. For the statement examined we noted no evidence of review and approval by appropriate personnel. We consider this an exception.*

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

*Noted finance charges or late fees were assessed on the statement examined. We consider this an exception.*

15. Using the monthly statements or combined statements selected under #12 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

*For the statement selected above, randomly selected 10 transactions (if less than 10, selected 100%), noting 4 transactions did not have itemized receipts. These are considered exceptions.*

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

16. 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, 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:

*Obtained listing of all travel and travel-related expense reimbursements and management's representation that the listing is complete, without exception.*

- a) If reimbursed using a per diem, observe 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](http://www.gsa.gov)).

*N/A – no per diem reimbursements selected for testing.*

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

*Per review of the transactions selected, noted all reimbursements were supported by an original itemized receipt, without exception.*

- c) Observe 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 policy (procedure # 1h).

*All disbursements examined were supported by documentation of the business/public purpose and other documentation required by written policy, without exception.*

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

*Noted each reimbursement showed evidence of review and approval by appropriate personnel, without exception.*

## Contracts

17. 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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) 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.

*Noted all contracts examined were properly procured in accordance with the Louisiana Bid Law, without exception.*

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

*Noted all contracts examined were reviewed and approved by the Board, without exception.*

- c) If the contract was amended (e.g., change order), observe 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, was approval documented).

*N/A – no agreements/contracts that were amended during the year.*

- d) 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 the invoice and related payment agreed to the terms and conditions of the contract.

*Noted all payments examined were in accordance with the terms of the applicable contract, without exception.*

### **Payroll and Personnel**

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18. 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.

*Obtained complete listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete, without exception.*

19. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under # 16 above, obtain attendance records and leave documentation for the pay period, and:

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

*Noted each employee tested documented their daily attendance and leave, without exception.*

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

*Noted all attendance and leave taken was approved by the employees' supervisor, without exception.*

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

*Noted all leave accrued or taken was properly reflected in the entity's cumulative records, without exception.*

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

*Noted authorized salary/pay rate for each individual tested agreed to their personnel file, without exception.*

- 20. 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, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

*For all selected employees that received termination payments during the fiscal period, noted that the employees' payrates and cumulative leave records agreed, without exception.*

- 21. 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.

*Per discussion with management, all employer and employee portions of third-party payroll related amounts have been properly paid and forms filed by the required deadline, without exception.*

## **Ethics**

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- 22. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above: obtain ethics documentation from management, and:
  - a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

*Per review of the employees selected, we noted all completed one hour of ethics training during the year, without exception.*

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

*N/A – there were no changes in the entity's ethics policies per management.*

- 23. Inquire whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*Observed that the agency has appointed an ethics designee, without exception.*

### **Debt Service**

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- 24. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

*N/A – the entity has no outstanding debt during the period per management.*

- 25. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

*N/A – the entity had no outstanding debt during the period per management.*

### **Fraud Notice**

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

*N/A - per management the entity had no misappropriation of public funds or assets during the period.*

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

*We observed the notice posted on the school's premises, without exception.*



## ***Information Technology Disaster Recovery/Business Continuity***

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

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

*We performed the procedure and discussed the results with management.*

- a) Obtain and inspect the entity'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.

*We performed the procedure and discussed the results with management.*

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

*For each computer examined, noted each had the requirements noted above, without exception.*

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

*Observed that 1 out of 5 terminated employees were not removed and disabled from the network. We consider this an exception.*

## ***Sexual Harassment***

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30. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

*N/A – this section is not applicable to not-for-profit entities.*

31. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

*N/A – this section is not applicable to not-for-profit entities.*

32. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

*N/A – this section is not applicable to not-for-profit entities.*

We were engaged by the Academy 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 the Academy 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.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
December 19, 2023

## CORRECTIVE ACTION PLAN

December 19, 2023

### Louisiana State Legislative Auditor

Athlos Academy of Jefferson Parish respectfully submits to you the following corrective action plan for the Statewide Agreed-Upon Procedures (SAUP's) for the year ended June 30, 2023.

Kushner LaGraize, LLC  
Certified Public Accountants and Consultants  
3330 West Esplanade Ave-Suite 100  
Metairie, LA 70002

**Audit period: July 1, 2022 – June 30, 2023**

### Procedure:

#### Board or Finance Committee

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

*Per review of the board minutes, the board did not receive written updates of the progress of resolving audit findings. We consider this an exception.*

**Management's Response to 3.** Management of Athlos Academy of Jefferson Parish was unaware of this new reporting requirement. Going forward, we will notify the board in writing the status of resolving the audit findings until they have been considered resolved.

#### Collections (excluding electronic funds transfers)

8. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). Obtain supporting documentation for each of the 10 deposits and:

d) Observe 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)

***Examined supporting documentation for the daily deposits noting no evidence of when the collections were made. Therefore, we were unable to determine the time between collection and deposit. We consider this an exception.***

**Management's Response to 8d.** Athlos Academy of Jefferson Parish has instituted a credit card collection program to decrease the amount of cash collections it takes in. Staff have been trained on the importance of keeping a log of deposits of when they are collected and deposited. We are currently in the process of working with the bank to see if they are able to collect deposits on a daily basis.

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

14. 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:

a) 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.

***Only one credit card was in use during the month selected. For the statement examined we noted no evidence of review and approval by appropriate personnel. We consider this an exception.***

**Management's Response to 14a.** Athlos Academy of Jefferson Parish has instituted a new program called Bill.com. All invoices are uploaded electronically and require an approval prior to payment. This issue has been resolved.

b) Observe that finance charges and late fees were not assessed on the selected statements.  
*Noted finance charges or late fees were assessed on the statement examined. We consider this an exception.*

**Management's Response to 14b.** Athlos Academy of Jefferson Parish has instituted a new program called Bill.com. All invoices are uploaded electronically and are paid on time. School Model Support employees have been given access to download the Statements. This function was previously done by school staff. This issue has been resolved.

15. Using the monthly statements or combined statements selected under #12 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 (i.e., each card should have 10 transactions subject to testing). For each transaction, observe 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 note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

***For the statement selected above, randomly selected 10 transactions (if less than 10f, selected 100%), noting 4 transactions did not have itemized receipts. These are considered exceptions.***

**Management’s Response to 15.** Athlos Academy of Jefferson Parish has instituted Bill.com, allowing the school to upload the receipts to the statement electronically. This eliminates issues with lost receipts. Management has now instituted a new policy to suspend cards unless all receipts are given. We consider this issue resolved.

### **Information Technology Disaster Recovery/Business Continuity**

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

***Observed that 1 out of 5 terminated employees were not removed and disabled from the network. We consider this an exception.***

**Management’s Response to 29.** Athlos Academy of Jefferson Parish considers this a one-off issue. The school’s IT personnel just left and this one was missed. Even though employees are still active, they would still need to be in the school’s building to access the network. School employees will be retrained on the importance of this issue.