



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

LIVING SCHOOL, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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Luther Speight & Company, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Living School, Inc.
New Orleans, Louisiana

Opinion

We have audited the accompanying financial statements of Living School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Living School, Inc. as of March 31, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Living School, Inc. 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.

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 Living School, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 aggregate, they would influence the judgment made by a reasonable user based on the combined 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 combined 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 Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Living School, Inc.'s ability to continue as a going concern for a reasonable period.


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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2023, on our consideration of Living School, Inc.'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 Living School, Inc.'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 Living School, Inc.'s internal control over financial reporting and compliance.



Luther Speight & Company CPAs

New Orleans, Louisiana

February 15, 2023

LIVING SCHOOL, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022

ASSETS

Cash and Cash Equivalents	\$ 121,711
State and Local MFP Receivable	348,167
Grants Receivable	355,251
Prepaid Expenses	3,636
Deposits	16,247
Property & Equipment	30,630
TOTAL ASSETS	<u><u>875,642</u></u>

LIABILITIES

Accounts Payable	140,930
Accrued Expenses	2,755
Payroll Liabilities	19,979
TOTAL LIABILITIES	<u><u>163,664</u></u>

NET ASSETS

Without Donor Restrictions	711,978
TOTAL NET ASSETS	<u><u>711,978</u></u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 875,642</u></u>
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The accompanying notes are an integral part of these financial statements.

LIVING SCHOOL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
State and Local Minimum Foundation Program	2,154,493	-	2,154,493
Grant Revenue	630,356	-	630,356
Contributions and Donations	423,613	-	423,613
Miscellaneous Revenue	17,798	-	17,798
TOTAL SUPPORT AND REVENUE	<u>3,226,260</u>	<u>-</u>	<u>3,226,260</u>
EXPENSES			
Program Services	1,628,646	-	1,628,646
Management and General	1,445,513	-	1,445,513
TOTAL EXPENSES	<u>3,074,159</u>	<u>-</u>	<u>3,074,159</u>
Change in Net Assets	152,101	-	152,101
NET ASSETS, BEGINNING OF YEAR	<u>559,877</u>	<u>-</u>	<u>559,877</u>
NET ASSETS, END OF YEAR	<u>\$ 711,978</u>	<u>\$ -</u>	<u>\$ 711,978</u>

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

LIVING SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Total
Salaries	\$ 1,055,372	\$ 144,544	\$ 1,199,916
Fringe Benefits	215,216	50,088	265,304
Communications	919	22,147	23,066
Custodial Service	2,283	44,886	47,169
Miscellaneous Expense	47,896	8,132	56,028
Equipment Rentals	1,309	48,469	49,778
Food Services	4,804	1,927	6,731
Insurance Expense	8,602	22,991	31,593
Materials and Supplies	29,323	99,606	128,929
Office and Education Supplies	316	11,528	11,844
Other Purchased Services	17,399	17,063	34,462
Professional Services	43,199	47,246	90,445
Purchased Educational Services	197,253	440,770	638,023
Rent Expense	-	132,182	132,182
Repairs & Maintenance	4,198	32,250	36,448
Software and Technology	-	47,326	47,326
Utilities	557	266,219	266,776
Depreciation Expense	-	8,139	8,139
Total Expenses	\$ 1,628,646	\$ 1,445,513	\$ 3,074,159

The accompanying notes are an integral part of the financial statements

LIVING SCHOOL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash Flows from Operating Activities	
Change in Net Assets	152,101
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided (Used) by Operating Activities:	
Depreciation	8,139
Net Changes in Assets and Liabilities:	
Increase in Pledge Receivables	(348,167)
Increase in Grant Receivables	(56,333)
Increase in Other Assets	(3,636)
Decrease in Prepaid Expense	12,160
Increase in Accounts Payable	69,105
Increase in Accrued Expenses	2,755
Increase in Payroll Liabilities	7,948
Total Adjustments	<u>(316,168)</u>
Net Cash Used by Operating Activities	(155,928)
Cash Flows from Investing Activities	
Purchases of Property and Equipment	<u>(30,719)</u>
Net Cash Used by Investing Activities	<u>(30,719)</u>
Net Change in Cash and Cash Equivalents	(186,647)
Cash and Cash Equivalents - Beginning of Year	<u>308,358</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 121,711</u></u>

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

LIVING SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Living School, Inc. (the School) is public high school in New Orleans East. The School entered into a Charter School Operating agreement with the Orleans Parish School Board (OPSB) beginning July 1, 2019, whereby the School would operate as a Type 1 charter school as defined in Louisiana Revised Statute 17:3971. The Charter Agreement has a term of five years, expiring on June 30, 2024. During the year ended June 30, 2022, the School served grades 9 through 11. The School’s goal was to add one grade each year until they are a fully built-out high school with no more than 80 students per grade. The School’s mission is to cultivate equity by nurturing students to do work that improves their lives, communities, and environment through holistic health, citizenship, and entrepreneurship. The School is designed to help every student graduate with both a college-ready diploma, a trade certification, a living-wage job offer, and the habits of a healthy life.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-210, *Not-For-Profit Entities*. Under ASC 958-210, the School may report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Below is a description of the two classes of net assets:

- Net Assets Without Donor Restrictions – Net assets without donor restrictions include funds that are not subject to donor-imposed restrictions. As of June 30, 2022, all of the School’s net assets were in this category.

- Net Assets With Donor Restrictions – Net assets with donor restrictions include funds that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. As of June 30, 2022, the School had no net assets with donor restrictions.

LIVING SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the School considers all unrestricted highly liquid investments with a maturity of three months or less to be cash equivalents.

Grants Receivable

The grants receivable is stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

Property and Equipment

Expenditures for the acquisition of furniture and equipment are capitalized at cost. The fair value of donated property and equipment is similarly capitalized. The School's threshold for capitalization is \$5,000. Management will review every purchase over this amount to determine if it is worthy of capitalization. Depreciation is computed using the straight-line method for financial reporting purposes over the following estimated useful lives:

Furniture	5 – 7 years
Equipment	3 – 5 years

For the year ended June 30, 2022, the School had Equipment of \$39,675 with accumulated depreciation of \$9,045. Depreciation expense for the year ended June 30, 2022, was \$8,139.

Concentration of Credit

The School maintains cash accounts with one Credit Union. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) at up to \$250,000 per financial institution for the year ended June 30, 2022. At times, the balance may exceed the federally insured amount. Management does not believe they are at high risk due to the reputation of the Credit Union. At June 30, 2022, the School's cash balances did not exceed the FDIC limit.

LIVING SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted based on the time spent on each program.

Income Taxes

The School is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the year ending June 30, 2022 is subject to examination by the IRS, generally for three years after they were filed.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Recent Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively.

LIVING SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

On June 3, 2020, FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842)* that extended the effective date for certain entities, including the Organization, to annual periods beginning after December 15, 2021. The School is currently evaluating the effects of this ASU.

NOTE 2 – GRANTS RECEIVABLE

Grants receivable are deemed to be fully collectible by management and were comprised of outstanding balances from the State of Louisiana and Louisiana Department of Education totaling \$355,251. An allowance for doubtful accounts was not deemed necessary by management.

NOTE 3 – MINIMUM FOUNDATION PROGRAM

The Minimum Foundation Program (MFP) is a formula established to determine the cost of a minimum program of education in all public elementary and secondary schools - essentially, what it costs to provide each Louisiana student with the minimum educational foundation necessary for future success. The resulting calculation is then used to help distribute funds among parish, city, and other local school systems. The School received \$2,154,493 in funding through the Minimum Foundation program during the year ended June 30, 2022. The outstanding receivable from this program at June 30, 2022 was \$348,167. Due to the nature of the program, management considers the entire balance to be collectable; therefore an allowance for doubtful accounts was not deemed necessary.

NOTE 4 – COMPENSATED ABSENCES

Per School policy, vacation and sick time does not roll over from year to year. Therefore, management has determined that an accrual for compensated absences is not necessary at June 30, 2022.

NOTE 5 – RETIREMENT PLAN

The School sponsors a 403(b) plan for all eligible employees. Eligible employees are vested upon completing one (1) month of service with the School. Eligible employees may contribute up to the maximum allowed by the Internal Revenue Service (IRS). The School makes an unconditional 3% contribution of the eligible employee's compensation. The School's retirement contributions for the year ended June 30, 2022 totaled \$33,130.

LIVING SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – GRANT REVENUES

The School is the recipient of several federal awards that are passed down through state agencies. Included in grant revenues are funds disbursed from several funding sources to provide funds for the implementation of various programs within the School. In addition, the School is the recipient of grant awards from local organizations to assist with the start-up and operations of the school. Grant revenues for the year ended June 30, 2022 are as follows:

<u>Grantor:</u>	<u>Amount</u>
Cox Business	\$ 11,556
Louisiana Department of Education	76,304
State of Louisiana	156,914
U.S. Department of Education	385,582
Total Grant Revenue	<u><u>\$ 630,356</u></u>

NOTE 7 – COMMITMENTS

Lease Commitments

The School leases the building in which the school operates. The lease is for 31 months, beginning on July 1, 2021 and terminating on June 30, 2023. The lease agreement automatically extends for an additional year unless otherwise canceled or amended. The monthly rent payment is \$11,000, with a \$500 increase starting July 1, 2022. Rent expense for the year ended June 30, 2022 was \$132,182. Future obligations under the operating lease agreement is as follows at June 30, 2023:

2023	\$	138,000
Total	\$	138,000

NOTE 8 – CONCENTRATIONS

For the year ended June 30, 2022, the School received approximately 20% of its total revenue from federal and local grants and 67% of its total revenue from the State and Local Minimum Foundation Program.

LIVING SCHOOL, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and Cash Equivalents	\$ 121,711
State and Local MFP Receivable	348,167
Grants Receivable	<u>355,251</u>
	<u>\$ 825,129</u>

NOTE 10 – SUBSEQUENT EVENTS

Management evaluated subsequent events as of February 15, 2023, which is the date these financial statements were available to be issued. Management has noted that there are no additional disclosures or adjustments to these financial statements required.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

To the Board of Directors of
Living School, Inc.
New Orleans, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Living School, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Living School, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Living School, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Living School, Inc.'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Living School, Inc.’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as Finding #2022-01.

Living School, Inc.’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Living School Inc.’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Living School Inc.’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 organization’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 organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Luther Speight & Company CPAs
New Orleans, Louisiana
February 15, 2023

LIVING SCHOOL, INC.
SUMMARY OF AUDITOR'S RESULTS
JUNE 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

An unmodified opinion was issued on the financial statements of the auditee.

Internal Control Over Financial Reporting:

Material weaknesses identified? _____yes X no

Significant deficiencies identified

not considered to be material weaknesses? _____yes X no

Noncompliance material to financial statements noted? X yes _____no

Federal Awards

Living School, Inc. did not receive federal awards in excess of \$750,000 during the year ended June 30, 2022, and, therefore, is exempt from the audit requirements under the Uniform Guidance.

No Separate Management Letter Issued

LIVING SCHOOL, INC.
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSES
JUNE 30, 2022

**FINDING #2022-01 – TIMELY SUBMISSION OF ANNUAL AUDIT REPORT -
NONCOMPLIANCE**

CRITERIA:

Louisiana state statute 2:511 – 2:559, Louisiana Audit Law, states that quasi-public entities with more than \$500,000 in revenue must submit their audited annual financial reports to the Louisiana Legislative Auditor (LLA) within six (6) months of the close of the auditee’s fiscal year.

CONDITION:

Living School did not remit the annual audited financial statements to the Louisiana Legislative Auditor within six months of their year-end. A non-emergency extension for filing the audit report was granted by the Legislative Auditor. The non-emergency extension requires a late audit finding be included in the report.

CAUSE:

Living School had delays in providing key data for the audit and Statewide Agreed-Upon procedures that contributed to the late submission of the Organization’s audit report.

EFFECT:

Living School was not in compliance with certain provisions of the Louisiana Audit Law referenced above regarding timely submissions.

RECOMMENDATION:

Living School should implement policies and procedures to ensure timely submission of its independent audit report to the Legislative Auditor.

MANAGEMENT RESPONSE:

Management will work with their third-party accountants to ensure data is provided in a timely manner to meet all deadlines.

LIVING SCHOOL, INC.
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2022

We noted no findings during the year ended June 30, 2021.

LIVING SCHOOL, INC.
SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED
JUNE 30, 2022

Agency Head: Stefin Pasternak, School Leader

Purpose	Amount
Salary	\$ 60,200
Severance	-
Benefits- Insurance	6,814
Benefits- Retirement	1,806
Benefits- Medicare	4,054
Benefits - Worker's Comp	223.00
Benefits- Unemployment	141.00
Cell Phone and iPad Dues	-
Uniforms	-
Per Diem	-
Travel	-
Reimbursements	5,366
Fuel Usage	-
Conference Travel	-
Continuing Professional Education Fees	-
Housing	-
Unvouchered Expenses	-
Special Meals	-



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
AGREED-UPON PROCEDURES - PERFORMANCE AND STATISTICAL DATA**

To the Board of Directors of Living School, Inc., the Louisiana Department of Education, and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the performance and statistical data accompanying the annual financial statements of Living School, Inc. (the School) for the fiscal year ended June 30, 2022; and to determine whether the specified schedules are free of obvious errors and omissions, in compliance with Louisiana Revised Statute 24:514 I. Management of the the School is responsible for its performance and statistical data.

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

The procedures and associated findings are as follows:

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

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

Findings: Based upon our examination of the supporting documentation, we noted no exceptions in our sample.

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 roll books for those classes and observed that the class was properly classified on the schedule.

Findings: Based upon our examination of the supporting documents, we noted no exceptions in our sample.

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

3. We obtained October 1st PEP data submitted to the Department of Education (or equivalent listing prepared by management), including full-time teachers, principals, and assistant principals by classification, as well as their level of education and experience, and obtained management's representation that the data/listing was complete. We then selected a sample of 12 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.

Findings: Based upon our examination of the supporting documents, we noted no exceptions in our sample.

Public School Staff Data: Average Salaries (NO SCHEDULE)

4. We obtained June 30th PEP data submitted to the Department of Education (or equivalent listing provided by management) of all classroom teachers, including base salary, extra compensation, and ROTC or rehired retiree status, as well as full-time equivalents, and obtained management's representation that the data/listing was complete. We then selected a sample of 12 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).

Findings: Based upon our examination of the supporting documents, we noted no exceptions in our sample.

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

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

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



Luther Speight & Company CPAs
New Orleans, Louisiana
February 15, 2023

Living School, Inc.
New Orleans, Louisiana
Schedules Required by State Law
(R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2021

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

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

Schedule 2 (Formerly Schedule 6) Class Size Characteristics

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

**LIVING SCHOOL, INC.
NEW ORLEANS, LOUISIANA**

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2022**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 317,926	
Other Instructional Staff Activities	102,356	
Instructional Staff Employee Benefits	164,846	
Purchased Professional and Technical Services	100,875	
Instructional Materials and Supplies	127,864	
Instructional Equipment	101,895	
Total Teacher and Student Interaction Activities		915,762

Other Instructional Activities

-

Pupil Support Services

251,303

Less: Equipment for Pupil Support Services

-

Net Pupil Support Services

251,303

Instructional Staff Services

31,339

Less: Equipment for Instructional Staff Services

-

Net Instructional Staff Services

31,339

School Administration

Less: Equipment for School Administration

376,292

Net School Administration

(6,593)

369,699

Total General Fund Instructional Expenditures (Total of Column B)

\$ 1,466,208

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

\$ 101,895

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-
Total Local Taxation Revenue	<u>\$ -</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	-
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	<u>\$ -</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	-
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	<u>\$ -</u>

Nonpublic Textbook Revenue

-

Nonpublic Transportation Revenue

\$ -

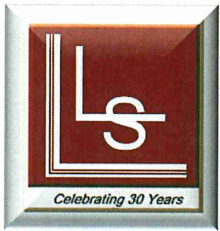
See independent accountant's report on applying agreed-upon procedures

**LIVING SCHOOL, INC.
NEW ORLEANS, LOUISIANA**

**Class Size Characteristics
For the Year Ended June 30, 2022**

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary								
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High	40%	29	21%	15	34%	25	5%	4
High Activity Classes	50%	6	17%	2	25%	3	8%	1
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.



Luther Speight & Company
Certified Public Accountants and Consultants

LIVING SCHOOL, INC.

AGREED UPON PROCEDURES REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

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

To the Board of Directors of
Living School, Inc.
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Living School, Inc. (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described 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:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that 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

Results: *The written policies and procedures appropriately address the required elements above.*

New Orleans Office: 1100 Poydras Street, Suite 1225/New Orleans, LA 70163 / (504) 561-8600
Memphis Office: 1661 International Drive, Suite 400/Memphis, TN 38120 / (901) 202-4688
Atlanta Office: 715 Peachtree Street NE, Suite 100/Atlanta, GA 30328 / (470) 378-1200

- 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.

Results: The written policies and procedures appropriately address the required elements above.

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

Results: The written policies and procedures appropriately address the required elements above.

- 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).

Results: The written policies and procedures appropriately address the required elements above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: The written policies and procedures appropriately address the required elements above.

- 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

Results: The written policies and procedures appropriately address the above elements except for legal review of contracts.

Management's Response: Before entering legal contracts, contracts are forwarded to the school Legal Consul for review.

- 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)

Results: *The written policies and procedures appropriately address the required elements above.*

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

Results: *The written policies and procedures appropriately address the required elements above.*

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: *Not applicable to the Entity.*

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

Results: *Not applicable to the Entity.*

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

Results: *The written policies and procedures appropriately address the above items except for storage of backups in a separate physical location isolated from the network, use of antivirus software on all systems, and timely application of all available system and software patches/updates.*

Management's Response: *Living School backs up critical data on Google Education Suite Drive (backed up to the cloud) and QuickBooks (also backed up to the cloud) and with paper files kept securely in locked file cabinets in the front office of the school. Living School only issues Chromebooks which are cloud-backed up and monitored for virus activity and other cybersecurity concerns.*

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

Results: *No information regarding agency responsibilities and prohibitions, annual employee training, and annual reporting noted in Fiscal Policies PBC document.*

Management's Response: *Annually the school provides a copy and a detailed overview of the Employee handbook. Included in the Employee handbook is a Sexual Harassment section that's reviewed and discussed. After the Employee handbook PD session is completed, all staff are required to sign and date, their signature acts as the acknowledgement of receipt and understanding of the related contents within the Employee handbook.*

Board or Finance Committee

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.

Results: *The Board met monthly. No exception noted.*

- 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. *Alternately, for those entities reporting on the nonprofit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

Results: *The Entity is a non-profit and is not on the governmental accounting model. However, financial statements are presented at the board meetings which include monthly budget to actual comparisons.*

- 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.

Results: *Not applicable, as the Entity is a non-profit.*

Bank Reconciliations

- 3. Obtain a listing of client 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 selected each account, and observe that:

Results: *List of bank accounts and management's representation were obtained. We selected the month of June 2022 for the testing below.*

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

Results: *We noted the Entity has four bank accounts. All four bank reconciliations displayed the accountant's name who performed the reconciliations and the date they were reconciled. The evidence confirms all four bank reconciliations were prepared after two months of the related statement closing date.*

Management's Response: *The last month of the fiscal year for all bank accounts are reconciled within two months of the related statement closing date, however, the related statement remains open as the initial audit preparation review process begins for the entire fiscal year financials (correction, reclassification of code and voiding of checks over 180 days, etc.). Once the audit preparation is finalized all related accounts reconciliations are printed and considered final.*

- 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

Results: *We noted that the bank reconciliations showed no evidence of review by individuals who do not handle cash, post ledgers, or issue checks.*

Management's Response: *Financials statements are prepared monthly included in the financial packet are the bank reconciliations. Financials are via emailed to the school Leader for review and then forwarded to the School's Finance Committee and added to the monthly Board's agenda.*

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

Results: *We noted no reconciling items that have been outstanding for more than 12 months from the fiscal year-end.*

Collections

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

Results: *LSC noted that any funds received in person or via postal service are received at the administration office located at 6003 Bullard Avenue, Ste 16, New Orleans, LA 70128.*

5. 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:

Results: *LSC noted that any funds received in person or via postal service are received at the administration office located at 6003 Bullard Avenue, Ste 16, New Orleans, LA 70128. We have obtained and inspected written policies and procedures relating to employee job duties at the collection location and observed that the job duties are properly segregated between the Front Desk Assistant and the Director of Site and Records.*

- a) Employees responsible for cash collections do not share cash drawers/registers.
 - 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.
 - 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.
 - 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.
6. 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.

Results: Entity provided a copy of a commercial crime insurance policy that was enforced during the fiscal period.

7. 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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

Results: We noted that the Entity’s collections were supported by proper documentation. We noted that each deposit was made one business day after collection. We also noted no exceptions found when tracing the deposit to the bank statement and to the general ledger.

- a) Observe that receipts are sequentially pre-numbered.
- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- c) Trace the deposit slip total to the actual deposit per the bank statement.
- 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).
- e) Trace the actual deposit per the bank statement to the general ledger.

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

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

Results: LSC noted that any funds received in person or via postal service are received at the administration office located at 6003 Bullard Avenue, Ste 16, New Orleans, LA 70128.

9. 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:

Results: We have obtained a listing of the employees involved and the written policies and procedures relating to employee job duties at the location mentioned above and observed that the job duties are properly segregated between the Director of Site and Records and the Executive Director.

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

[Note: Exceptions to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

10. For each location selected under #8 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:

Results: We noted the original invoice/billing and all the supportive information matched up, including evidence of segregation of duties with no exceptions.

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

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

11. 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.

Results: *We obtained a listing of all active cards, which consisted of only one credit card, and management's representation that the listing is complete.*

12. 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Results: *There is no evidence showing that the statement was reviewed and approved.*

Management's Response: *The School Leader receives the statement via online and review charges. The statement is forwarded to the school Administrator and the purchase approval and proof of purchases are attached and shared with the accounting team for processing payment.*

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

Results: *Finance charges and late fees were not assessed on the card.*

13. 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.

Results: The Entity supplied receipts and documentation for the selected transactions. We noted no exceptions.

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

14. 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:

- 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).

Results: The sample we selected was the only reimbursement and it was not a per diem.

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

Results: The reimbursement used actual costs and it was supported by the original itemized receipts.

- 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).

Results: The reimbursement was supported by documentation detailing the business/public purchase for the charge.

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

Results: The reimbursement was reviewed and approved in writing by someone other than the person receiving the reimbursement.

Contracts

15. 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.

Results: We noted that all contracts selected were not subject to Louisiana Public Bid Law.

- 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).

Results: Not applicable. Contracts do not require approval by the governing board according to Entity's policy.

- 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).

Results: We noted no contract amendments.

- 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.

Results: No findings noted.

Payroll and Personnel

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

Results: *We requested and obtained paid salaries and personnel files for a selection of five (5) employees. The paid salaries agreed to the authorized salaries in each employee's personnel file. We noted no exception.*

17. 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). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to a policy and/or contract, the official should document his/her daily attendance and leave.)

Results: *Of the 5 employees selected for the one pay period, we noted that all 5 of their attendance and leave was documented.*

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

Results: *Of the 5 employees selected for the one pay period, we noted that all 5 of their attendance and leave records was approved by a supervisor.*

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

Results: *We noted no exception. Client provided documents showing each employee's leave accrued or taken.*

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

Results: *We noted no exception. The rate paid to the selected employees agree to the authorized salary found within the personnel files.*

18. 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.

Results: LSC noted no exception. The termination payments coincided with the related records and documentation of the two employees selected.

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

Results: Management's representation was obtained. No exceptions were noted.

Ethics

Results: Not applicable as the entity is a non-profit.

Debt Service

Results: Not applicable as the entity is a non-profit.

Fraud Notice

20. 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.

Results: No misappropriations of public funds and assets noted.

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

Results: No exceptions noted. The required notice above is present on Entity's website.

Information Technology Disaster Recovery/Business Continuity

22. 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 occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Results: Living School backs up critical data daily on Google Education Suite Drive, which is backed up to the cloud. The Entity's QuickBooks is also backed up to the cloud and paper files are kept securely in locked file cabinets in the front office of the school. We noted no exceptions.

- b) 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.

Results: We noted no exceptions. LSC obtained documents from the Entity showing the Entity has verified that its backups can be restored.

- c) 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.

Results: We noted no exceptions. LSC obtained a listing of the Entity's computers currently in use along with their locations. All 5 selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported.

Sexual Harassment

23. 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.

Results: Entity did not provide sexual harassment training to employees during the fiscal year.

Management’s Response: There is no Completion of Certification awarded to the staff. However, all participants’ signature is required upon attending. After the PD session is complete, all staff attending must sign and date acknowledging receipt of handbook and understand the content there in.

24. 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).

Results: We noted the sexual harassment policy is not posted on the Entity’s website.

Management’s Response: The Sexual Harassment Policy is noted in the Employee Handbook.

25. 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:

Results: Entity could not provide sexual harassment report for the current fiscal period.

Management’s Response: If there’s no fiscal year related incidents to report the School’s Leader will write a statement, stating that.

1. Number and percentage of public servants in the agency who have completed the training requirements;

Management’s Response: 100%

2. Number of sexual harassment complaints received by the agency;

Management’s Response: 0

3. Number of complaints which resulted in a finding that sexual harassment occurred;

Management's Response: N/A

4. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

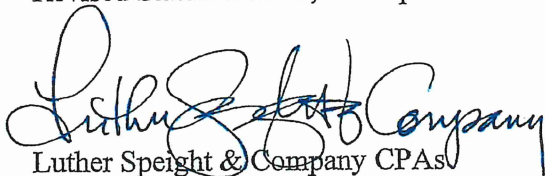
Management's Response: N/A

5. Amount of time it took to resolve each complaint.

Management's Response: N/A

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. 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.

The purpose of this report is 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.



Luther Speight & Company CPAs

New Orleans, Louisiana

February 15, 2023